

**SUBJECT : DRAFT MULTI YEAR BUDGET REPORT FOR  
THE 2012/13 – 2014/15 FINANCIAL YEARS**

**REPORT TO : FINANCIAL SERVICES PORTFOLIO  
COMMITTEE**

**1. AIM:**

- 1.1 To request the committee to recommend the approval of the Draft 2012/2013 – 2014/2015 Medium Term Revenue and Expenditure Framework (MTREF) for the uThungulu District Municipality.

**2. BACKGROUND: (ANNEXURE 001-021)**

- 2.1 The Municipal Finance Management Act, 2003, (MFMA) Section 16 (2), requires that the Mayor of the municipality table the annual budget at a Council meeting at least 90 days before the start of the budget year. The draft 2012/2013 multi year budget is scheduled to be tabled before Council on the 28<sup>th</sup> March 2012.
- 2.2 In addition, the Municipal Budget & Reporting Regulations, Gazette no. 32141, dated 17 April 2009, issued by the National Treasury, provides general guidance on the content and format for the municipal budget documentation while MFMA circular 58 and 59 issued in December 2011 and March 2012 respectively, provide further guidance to municipalities and municipal entities for the preparation of their 2012/13 Budgets and Medium Term Revenue and Expenditure Framework (MTREF).
- 2.3 The detailed grant allocations from National Treasury, per the Division of Revenue Bill, 2012 was made available from the 22<sup>nd</sup> February 2012 on National Treasury's website. Furthermore, Provincial allocations have been Gazetted by the Honourable MEC for Finance and have been factored accordingly into the draft 2012/2013 Medium term budget.

- 2.4 The budget for 2012/13 - 2014/15 commenced from November 2011 onwards with discussions being held with MANCO and the EXCO members at the strategic session held on the 02 and 03<sup>rd</sup> of November 2011. The individual departmental managers were then subsequently requested to submit their budget requirements in line with the Strat/Manco proposals to the Budget Office for the compilation of the draft budget. Thereafter, the draft budget was compiled and it indicated a shortfall.
- 2.5 The Budget Steering Committee in its meeting held on the 7<sup>th</sup> of March 2012 to discuss the draft 2012/2013 budget and the impending shortfall, resolved that an urgent joint Exco and Council meeting be held to appraise the respective Councillors of the progress that has been made in the compilation of the 2012/2013 draft budget and also to pave a way forward in resolving the impending draft budget shortfall.
- 2.6 The joint Exco and Council meeting was then held on the 13<sup>th</sup> March 2012. The Council was appraised of the progress that has been made in compiling the budget and the situation that the municipality was faced with.
- 2.7 The Council resolved that the management will need to engage and speedily reprioritize the budget so as to ensure that the budget is fully funded, and also to take the recommendations contained in MFMA circular 58 into cognizance. The proposals that were put forward by Council are as follows;
- Reprioritize the new positions and ensure only critical positions are budgeted for,
  - Minimize expenditure on hotel accommodation and ensure only non-expensive hotel facilities are used. This decision will result in the current Subsistence & Travel policy being reviewed to ensure it is in line with the proposal.
  - Minimise stationery and printing costs, a new format for Council agendas and minutes was suggested that will result in the efficient use of the stationery and printing facilities, it was further suggested that those Councillors who might have already been issued with similar agendas in the previous Council Committees need not be reissued with the same for subsequent meetings.
  - Scale down on meals and refreshments during meetings and workshops except in the case of vulnerable groups where lunches may be served.
  - The Technical department were requested to revisit the budget for the Support Services Agent (SSA) and find ways of reducing such by reprioritizing. It was further requested that Technical appraise ExCo and Council of the department's needs and a way forward on the SSA.

- 2.8 The balanced draft 2012/2013 Medium Term budget was then tabled and approved by the budget Steering Committee on the 22<sup>nd</sup> March 2012, and was recommended to Council for approval.

### **3. DISCUSSION:**

- 3.1 Subsequently, meetings were held by management on the 14<sup>th</sup> and 19<sup>th</sup> of March 2012 to try and speedily finalize the budget, the management further resolved that the following measures be implemented in order to ensure a balanced and credible budget.
- New positions not be considered for the 2012/2013 budget and only the critical positions were approved. This saw a reduction of the wage bill related to new positions from R29m to under R1m. Furthermore, positions that were vacant in the 2011/12 financial year that not occupied either by temps or in acting capacity were considered not to be a priority and were therefore deferred, managers had to motivate as to why these positions had to be kept in the budget. This exercise resulted in some new cost centres that were recommended as per the Strat/Manco strategic session, being deferred from the 2012/2013 budget where as a result of the reprioritisation of new positions, these ended up with no 'warm bodies'. The cost centres that were affected are as follows;
    - Rural Development,
    - Operations and Maintenance : Support Services,
    - Asset Management Unit, and
    - Auxillary infrastructure development.

It must be noted that the removal of these cost centres from the structure does not necessarily mean that the function will no longer be performed, but management will have to a look at a possibility of redesigning processes and job profiles so that these functions may be absorbed and performed within the existing resources in the municipality.

- Initially, vacant and new positions were budgeted at the top notch of their respective grades to allow for some flexibility should there be a need to attract a skill, however, due to the limited budget it was resolved that this be reviewed and these positions be budgeted for at the bottom notches of their respective grades. To be noted that the National Treasury has advised that in the absence of a wage collective agreement as the current one expires 30 June 2012, the municipalities must budget for an inflationary increase of

5% on staff salaries for the 2012/2013 financial year. The same percentage increase of 5% was applied for Councillors' allowances.

- During the Strat/Manco meeting in November 2011, Exco noted the discrepancies in the payscales for positions which had the same job title but resided in different sections and recommended that management should ensure parity on the remuneration of these posts, this has been factored into the 2012/2013 medium term budget.
- The budget for the SSA contract was reduced from the initial R65m to R60m, this was in anticipation that the new tender will be well within this budget.
- Budget for drought relief was reduced from an initial amount of R35m to R20m, this was done with an understanding that the expenditure on this will be monitored and reviewed during the mid year review, should it be necessary, this budget will be prioritized and then be topped up, subject to availability of surplus funds from the 2011/12 financial year on completion of the audit.
- Internally funded operational and capital projects were reviewed and where possible, budget provision was reduced or staggered over the medium term due to budget limitation.

3.2 Below are some important points contained in the MFMA circulars 58 and 59 that were considered during the compilation of the 2012/2013 Medium Term revenue and Expenditure Framework.

- **Key Focus areas for the 2012/2012 budget process;**  
The circular highlights the main focus areas of the medium term budget as creating decent employment opportunities through initiatives such as the Expanded Public Works Incentive Grant and also talks about the impending reforms in the Supply Chain processes in order to fight corruption.
- **Revising rates, tariffs and other charges;**  
One the major areas of emphasis is that municipalities must ensure Water & Sanitation tariffs to be cost reflective. If not fully cost reflective, develop pricing strategy to phase in over time to minimise impact on consumers. Furthermore, it emphasises that pricing be structured in a way to protect basic levels of service. Currently uThungulu has not yet achieved this but have development a process to facilitate a phased in approach.
- **Funding choices and management issues;**  
This sections highlights the areas where the municipalities must give priority to, these being;
  - Ensuring that drinking water and waste water management meets the required quality standards at all times;
  - Protecting the poor;

- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance; and
- Expediting spending on capital projects that are funded by conditional grants.
- Municipalities must also ensure that their capital budgets reflect consistent efforts to address the backlogs in basic services and the renewal of the infrastructure of existing network services.

The circular further states that Municipalities must pay special attention to controlling unnecessary spending on nice-to-have items and non-essential activities. Examples of these are listed on page xx of the MFMA circular 58.

- **Revaluations in terms GRAP 17 and the treatment of depreciation in the budget.**

Municipalities are encouraged to maintain cash backed reserves for depreciation. Currently uThungulu's accumulated depreciation amounts to R158m as per 2010/11 Audited Annual Financial Statements, it be noted that this is not cash backed, but the municipality is in the process of developing funding and reserves policy as per item 7 of the MBRR to deal with this issue.

- **Budget and accounting treatment of VAT related to conditional grant expenditure.**

The circular has given some clarity in the treatment of VAT on conditional grant expenditure, this matter has remained a grey area in many municipalities for some years. The circular provides that the VAT on these grants may be treated as municipality's own revenue. National Treasury has suggested that these monies be used to accumulate reserves for the municipalities in order to fast track the cash backing of the provisions as many municipalities are lacking in this aspect.

- **Other Budget management issues dealt with in previous MFMA Circulars.**

Other issues that were highlighted in the circular 58 that were dealt with in the previous MFMA circulars are as follows;

- *Mayor's discretionary funds and similar discretionary budget allocations* - National Treasury regards allocations that are not designated for a specific purpose to be bad practice and discourages them
- *Unallocated ward allocations* - National Treasury does not regard this to be a good practice, because it means that the tabled budget does not reflect which ward projects are planned for purposes of public consultation and council approval
- *New office buildings* - Municipalities are required to send detailed information to National Treasury if they are contemplating building new main office buildings.
- *Virement policies of municipalities* - Municipalities are reminded of the principles that must be incorporated into municipal virements policies
- *Providing clean water and managing waste water* - Municipalities are reminded to include a section on 'Drinking water quality and waste water management' in their 2012/13 budget document supporting information
- *Renewal and repairs and maintenance of existing assets* - Allocations to repairs and maintenance, and the renewal of existing infrastructure must be prioritised. Municipalities must provide detailed motivations in their budget documentation if allocations do not meet the benchmarks set out in MFMA Circular 55
- *Budgeting for an operating deficit* - Over the medium term, a municipality should budget for a moderate surplus on its Budgeted Statement of Financial Performance so as to be able to contribute to the funding of the Capital Budget. If the municipality's operating budget shows a deficit it is indicative that there are financial imbalances that need to be addressed.
- *Credit cards and debit cards linked to municipal bank accounts are not permitted* - On 02 August 2011 National Treasury issued a directive to all banks informing them that as from 01 September 2011 they are not allowed to issue credit cards or debit cards linked to municipal bank accounts (refer to MFMA Circular 55).

- *Municipal financial management (IT) systems* – If a municipality is considering replacing or extending its financial management (IT) system, before it goes out to tender it must consult with the National Treasury in accordance with the process set out in MFMA Circular 57.

3.3 After implementing the above measures, the management was able to achieve a balanced budget and this is represented in the tables below.

#### 4. ANALYSIS OF THE 2012/13 - 2014/15 MEDIUM TERM BUDGET OVERALL SUMMARY

| 2012/13 - 2014/15 Budget Discussion Document        | Approved MTREF 12/13 Budget | 12/13 Budget         | Rand Change         | % Change  | 13/14 Budget Forecast | 14/15 Budget Forecast |
|---|-----------------------------|----------------------|---------------------|-----------|-----------------------|-----------------------|
| <b>Expenditure</b>                                  |                             |                      |                     |           |                       |                       |
| Internally Funded Operational Exp (Inc Salaries)    | 350 781 711                 | 368 910 329          | 18 128 618          | 5%        | 388 687 462           | 409 280 851           |
| Grant Funded Opex (FMG, Planning Shared Serv & PMU) | 20 065 426                  | 24 249 995           | 4 184 569           | 21%       | 25 860 319            | 27 511 076            |
| Internally Funded Operational Projects              | 51 325 485                  | 63 180 171           | 11 854 686          | 23%       | 60 892 450            | 62 290 274            |
| Internally Funded Capital Projects                  | 33 950 000                  | 32 020 000           | (1 930 000)         | -6%       | 38 031 000            | 66 445 000            |
| Externally Funded Operational Projects              | 28 978 877                  | 40 149 041           | 11 170 164          | 39%       | 39 766 113            | 37 157 000            |
| Externally Funded Capital Projects                  | 209 301 422                 | 204 906 028          | (4 395 394)         | -2%       | 227 577 000           | 295 624 650           |
| <b>Total Expenditure</b>                            | <b>694 402 920</b>          | <b>733 415 563</b>   | <b>39 012 643</b>   | <b>6%</b> | <b>780 814 345</b>    | <b>898 308 850</b>    |
| Equitable Share & LRG                               | (312 865 794)               | (309 290 218)        | 3 575 576           | -1%       | (334 221 266)         | (361 712 189)         |
| Environmental Health QS                             | (15 950 207)                | (19 471 782)         | (3 521 576)         | 22%       | (20 829 734)          | (22 352 811)          |
| Internally Generated Funds                          | (71 317 626)                | (73 276 078)         | (1 958 451)         | 3%        | (82 920 556)          | (93 051 550)          |
| Conditional Grants Revenue                          | (241 711 000)               | (248 601 000)        | (6 890 000)         | 3%        | (271 151 000)         | (336 647 000)         |
| Prior Year's Conditional Grants                     | (684 516)                   | (1 232 283)          | (547 767)           | 80%       | (1 222 699)           | (1 292 915)           |
| Depreciation Funding Reserve                        | (32 000 000)                | (42 000 000)         | (10 000 000)        | 31%       | (45 000 000)          | (48 000 000)          |
| Provision for Rehabilitation - Solid Waste Cell     | (7 600 000)                 | (7 600 000)          | -                   | 0%        | (16 431 000)          | (34 000 000)          |
| Surplus Brought Forward (2011/12)                   | -                           | (31 944 203)         | (31 944 203)        | 100%      | (9 038 090)           | (1 252 385)           |
| Surplus Brought Forward (2011/12) - MTREF Estimate  | (12 273 778)                | -                    | 12 273 778          | -100%     | -                     | -                     |
| <b>Total Revenue</b>                                | <b>(694 402 920)</b>        | <b>(733 415 563)</b> | <b>(39 012 644)</b> | <b>6%</b> | <b>(780 814 345)</b>  | <b>(898 308 850)</b>  |

4.1 To be noted that the to achieve a balanced budget for the 2012/12 MTEF, an amount of R31.9m for VAT on conditional grants received in prior years has be used to augment the budget. It was the intention of the management to utilize these funds to ensure cash backed depreciation is provided for, however due to the need of the budget not being balanced, these funds were utilized to

augment the shortfall. The 2012/13 budget forecast figures as per the 2011/12 MTREF have been included in the above table as comparatives. The grant funded revenue and expenditure are matched in the above table. The table emphasises the expenditure that is funded from internally generated funds (service charges and interest on investments) as well as unconditional grants (equitable share and levy replacement grant).

- 4.2 From the above table, it is clear that the equitable share and levy replacement grant allocation has not had a major shift from the projected MTREF figures, although there has been a 22% shift on the ring fenced amount of the Equitable share that is used to fund the impending devolution of Environmental Health services. To be noted that a letter confirming the Environmental Health allocation has not been received from National treasury and for the purposes of the draft budget, the 2011/12 proportion of this amount to the total Equitable share has been used as a basis, this is subject to change pending the receipt of the confirmation letter from National Treasury. To be noted that the uThungulu District municipality has entered into a service level agreement with uMhlathuze municipality where the latter will perform the environmental health functions on behalf of the district, similar negotiations are still underway between the District and the uMlalazi municipality.
- 4.3 Internally generated funds (service charges and interest) are expected to increase by R1.9m (3%) compared to the 2012/13 MTREF forecast, this is mainly due to the increase in the tariffs. Interest on investment has been kept on the same level as in the 2011/2012 financial year due to the constant Repo rate and also the presumption that all the conditional grants allocation will be fully spent within the financial year as the National Treasury has cautioned that they will not allow any rollovers on conditional grants.
- 4.4 Due to the un-funded mandate for public safety, only the co-ordination function has been budgeted. An arrangement was finalized with the local municipalities on the sliding scale budgeting of this function. For the ensuing financial year the district will contribute 40% while the locals contribute 60% of the total contract price for rendering this service. Fire trucks and Satellite Fire stations budget that was requested had to be deferred as this is an unfunded mandate and could not be accommodated in the ensuing year's budget.



## 4.5 EXPENDITURE

4.5.1 Increase in the operational expenditure (incl. salaries) has been kept to minimum, with a 6% increase from the previous year, this is as a result of an exercise by the management where all non essential expenditure items have been cut and priority only given to core expenditure. To be noted that staff salary increase has been budgeted at 5% from 2011/1 as per the guideline contained in circulars 58 and 59 issued by the National Treasury. The table below depicts the 2011/12- 2013/2014 operational expenditure per department.

| 2012/13 OPERATIONAL EXPENDITURE                               | Adjusted Budget '2011/12 (Incl. Sal) | Budget Year '2012/13 (Incl. Sal) | Difference Amount  | Difference % | Budget Year '2013/14 (Incl. Sal) | Budget Year '2014/15 (Incl. Sal) |
|---|--------------------------------------|----------------------------------|--------------------|--------------|----------------------------------|----------------------------------|
| <b>Departments</b>  |                                      |                                  |                    |              |                                  |                                  |
| <b>EXECUTIVE &amp; COUNCIL</b>                                | <b>35 394 969</b>                    | <b>34 568 044</b>                | <b>1 155 381</b>   | <b>3%</b>    | <b>36 770 894</b>                | <b>39 069 282</b>                |
| Board & General Expenses                                      | 14 335 871                           | 12 965 020                       | (1 370 851)        | -10%         | 13 742 921                       | 14 567 496                       |
| Executive Division - Corporate Services                       | 2 863 174                            | 4 507 078                        | 1 643 904          | 57%          | 4 768 599                        | 5 037 860                        |
| Administrative Services Division                              | 11 066 870                           | 13 611 846                       | 2 544 976          | 23%          | 14 619 758                       | 15 605 932                       |
| Department Of The Municipal Manager                           | 5 146 748                            | 3 484 099                        | (1 662 649)        | -32%         | 3 639 615                        | 3 857 992                        |
| Deputy Municipal Manager's Dept                               | 1 982 306                            | -                                | (1 982 306)        | -100%        | -                                | -                                |
| <b>ECONOMIC DEVELOPMENT, PLANNING &amp; RURAL DEVELOPMENT</b> | <b>5 070 323</b>                     | <b>7 413 522</b>                 | <b>2 343 199</b>   | <b>46%</b>   | <b>8 002 870</b>                 | <b>8 484 107</b>                 |
| Economic Development  | 4 443 193                            | 5 196 216                        | 753 023            | 17%          | 5 628 337                        | 5 965 887                        |
| Planning Shared Services                                      | 627 130                              | 1 082 283                        | 455 153            | 73%          | 1 147 699                        | 1 217 915                        |
| Development Planning & Environment                            | -                                    | 1 135 023                        | 1 135 023          | 100%         | 1 226 834                        | 1 300 306                        |
| <b>COMMUNITY &amp; SOCIAL SERVICES</b>                        | <b>6 857 105</b>                     | <b>5 952 249</b>                 | <b>(904 856)</b>   | <b>-13%</b>  | <b>6 295 316</b>                 | <b>6 668 852</b>                 |
| Community Services Division                                   | 3 797 399                            | 4 569 932                        | 772 533            | 20%          | 4 828 492                        | 5 112 202                        |
| Technical Facility Services - Cemetery                        | 3 059 706                            | 1 382 317                        | (1 677 389)        | -55%         | 1 466 823                        | 1 556 650                        |
| <b>PUBLIC SAFETY</b>  | <b>6 595 961</b>                     | <b>5 320 465</b>                 | <b>(1 275 496)</b> | <b>-19%</b>  | <b>5 258 961</b>                 | <b>5 231 620</b>                 |
| Disaster Management   | 2 965 758                            | 2 141 643                        | (824 115)          | -28%         | 2 268 423                        | 2 402 761                        |
| Fire Fighting Services (Shared Services)                      | 3 630 203                            | 3 178 822                        | (451 381)          | -12%         | 2 990 538                        | 2 828 858                        |
| <b>ENVIRONMENTAL HEALTH SERVICES</b>                          | <b>13 204 147</b>                    | <b>19 351 782</b>                | <b>6 147 635</b>   | <b>47%</b>   | <b>20 829 734</b>                | <b>22 352 811</b>                |
| Municipal Health Services                                     | 13 204 147                           | 19 351 782                       | 6 147 635          | 47%          | 20 829 734                       | 22 352 811                       |
| <b>FINANCE &amp; ADMINISTRATION</b>                           | <b>47 043 294</b>                    | <b>50 192 278</b>                | <b>3 148 984</b>   | <b>7%</b>    | <b>53 101 914</b>                | <b>56 269 391</b>                |
| Management Services / Hr                                      | 7 060 581                            | 6 862 129                        | (198 452)          | -3%          | 7 164 857                        | 7 591 748                        |
| Information & Communications Technology                       | 5 168 076                            | 5 685 573                        | 517 497            | 10%          | 6 026 708                        | 6 388 310                        |
| Auxillary Services / Uthungulu House                          | 8 559 032                            | 8 753 360                        | 194 328            | 2%           | 9 278 562                        | 9 835 276                        |
| Property Services - Satelite Offices                          | 1 832 745                            | 1 728 553                        | (104 192)          | -6%          | 1 832 266                        | 1 942 202                        |
| Executive Division - Financial                                | 6 861 241                            | 7 661 743                        | 800 502            | 12%          | 8 112 544                        | 8 597 168                        |
| Expenditure   | 6 671 922                            | 7 303 285                        | 631 363            | 9%           | 7 757 486                        | 8 222 935                        |
| Supply Chain Management                                       | 6 655 167                            | 6 757 535                        | 102 368            | 2%           | 7 162 987                        | 7 592 766                        |
| Budgets & Reporting   | 3 176 543                            | 3 081 655                        | (94 888)           | -3%          | 3 266 554                        | 3 462 547                        |

|  |                    |                    |                   |            |                    |                    |
|--|--------------------|--------------------|-------------------|------------|--------------------|--------------------|
| Finance Interns                                    | 1 057 987          | 1 115 931          | 57 944            | 5%         | 1 182 887          | 1 240 350          |
| Management Accounts & Reporting                    | -                  | 1 242 513          | 1 242 513         | 100%       | 1 317 064          | 1 396 088          |
| <b>INFRASTRUCTURE SERVICES</b>                     | <b>230 475 218</b> | <b>248 481 104</b> | <b>18 005 886</b> | <b>8%</b>  | <b>261 247 683</b> | <b>274 722 386</b> |
| Executive Division - Technical                     | 1 840 283          | 2 073 294          | 233 011           | 13%        | 2 176 068          | 2 306 632          |
| Municipal Infrastructure: Ops & Maintenance        | 6 459 010          | 5 948 180          | (510 830)         | -8%        | 6 305 071          | 6 683 375          |
| Municipal Infrastructure & Implementation          | 6 900 516          | 6 687 876          | (212 640)         | -3%        | 7 089 149          | 7 514 498          |
| Water Services Authority Division                  | 49 530 226         | 52 546 161         | 3 015 935         | 6%         | 56 602 930         | 60 299 106         |
| Water Services Provider Division - Ssa             | 132 431 848        | 144 207 319        | 11 775 471        | 9%         | 149 567 090        | 155 741 455        |
| Consumer Billing & Credit Control                  | 17 449 713         | 17 365 870         | (83 843)          | 0%         | 18 475 827         | 19 651 878         |
| Ops Maintenance - Western Region (Kz285 & Kz286)   | 5 718 079          | 6 638 303          | 920 224           | 16%        | 7 156 602          | 7 725 198          |
| Ops & Maintenance - Southern Region (Kz284)        | 10 145 543         | 9 065 823          | (1 079 720)       | -11%       | 9 609 772          | 10 186 359         |
| Ops & Maintenance - Eastern Region (Kz281 & Kz283) | -                  | 3 948 278          | 3 948 278         | 100%       | 4 265 174          | 4 613 885          |
| <b>WASTE MANAGEMENT</b>                            | <b>17 905 059</b>  | <b>19 659 136</b>  | <b>1 754 077</b>  | <b>10%</b> | <b>20 685 362</b>  | <b>21 497 127</b>  |
| Technical Facility Services - Landfill             | 17 905 059         | 19 659 136         | 1 754 077         | 10%        | 20 685 362         | 21 497 127         |
| <b>WASTE WATER MANAGEMENT</b>                      | <b>2 067 763</b>   | <b>2 221 744</b>   | <b>153 981</b>    | <b>7%</b>  | <b>2 355 048</b>   | <b>2 496 351</b>   |
| Sanitation   | 2 067 763          | 2 221 744          | 153 981           | 7%         | 2 355 048          | 2 496 351          |
| <b>TOTAL OPERATIONAL EXPENDITURE</b>               | <b>364 613 839</b> | <b>393 160 324</b> | <b>30 528 791</b> | <b>8%</b>  | <b>414 547 781</b> | <b>436 791 926</b> |

#### 4.5.2 Major Highlights

- The overall increase in the operational expenditure is 8%, this includes the inflationary increase of 6% on general operational expenses, 5% increase in the staff salaries as per guideline from the National Treasury. To be noted that the salaries have been budgeted for on the Patterson grading system as opposed to the Task grading system in the 2011/12 financial year. This was based on the Council decision to revert back to the Patterson Grading system.
- Board & general Expenses have gone down by 10% compared with the 2011/2012 adjustment budget, this is mainly due to the decision by the joint Exco and Council meeting to curb down on catering for the meetings.
- Executive Division – Corporate Services has gone up by 57% as a result of the Legal Advisor being moved from the Municipal Manager’s Department to Corporate services, this was a decision by the Strat/Manco taken in November 2011. There is a corresponding decrease of 32% in the Municipal managers Department.
- To be noted that the department of the Deputy Municipal Manager has been moved to Planning – Economic Development, hence the decrease of 100% and an increase of 17 % in the Planning Department.

- Planning Shared Services has moved up by 73% due to the GIS administrator position being moved to this department, this post was initially budgeted for under Planning. It be noted that this department is funded by a grant from the Provincial government department.
- Technical facility – Cemetery has gone down by 55%, this was as a result of the section 78 assessment that concluded that this function be done in house. The function was previously performed by uMhlathuze City on behalf of the District.
- Disaster management has gone down by 28% due to the arrangement that the District will gradually decrease the amount that is contributed as a co funding of the contract.
- Municipal Health is up by 47%, to note that this is a ring fenced amount form the Equitable Share.

- 4.5.3 On the other hand, the internally funded operational IDP Projects have increased by 23% in comparison with the 2012/13 MTREF forecast figures. The detailed project schedule is attached as page 006 of the annexure.
- 4.5.4 Capital expenditure funded from internally generated funds and unconditional grants has decreased by 6% in comparison to the 2012/13MTREF forecast. It must be noted that the carry over capital projects will be adjusted for in August 2012. The detailed project schedule is attached as page 011 of the annexure.

## **5. SUMMARY :**

- 5.1 National Treasury has issued MFMA circulars 58 and 59 which provide guidance to municipalities in the compilation of the 2012/13 – 2014/15 Medium Term Revenue and Expenditure Framework.
- 5.2 The Budget takes a prudent and affordability stance on the District, due to the economic challenges facing the country and the municipality.
- 5.3 In accordance with Section 16 (2) of the MFMA, the Mayor of the municipality is required to table the annual budget at a Council meeting at least 90 days before the start of the budget year, this draft budget is scheduled to be tabled before Council on the 28<sup>th</sup> of March 2012.
- 5.4 Section 24 (1) of the Act further states that that the municipal Council must at least 30 days before the start of the financial year, consider the approval of the annual budget.

- 5.5 The 2012/13 Draft Budget Report has been compiled in consultation with the management of the municipality and in accordance with the MFMA circulars 58 and 59 issued by the National Treasury on the 11 December 2011 and 19<sup>th</sup> March 2012 respectively.

## **6 RECOMMENDED THAT:**

6.1 The following budget highlights be noted;

- 6.1.1 Due to the limited resources the municipality has reprioritized expenditure to be in line with the priorities as outlined by National Treasury in MFMA circulars 58 and 59.
- 6.1.2 The following measures as recommended by Council were taken into account in the finalization of the 2012/2013 multi year budget.
- Reprioritize the new positions and ensure only critical positions are budgeted for,
  - Minimize expenditure on hotel accommodation and ensure only non-expensive hotel facilities are used. This decision will result in the current Subsistence & Travel policy being reviewed to ensure it is in line with the proposal.
  - Minimise stationery and printing costs, a new format for Council agendas and minutes was suggested that will result in the efficient use of the stationery and printing facilities, it was further suggested that those Councillors who might have already been issued with similar agendas in the previous Council Committees need not be reissued with the same for subsequent meetings.
  - Scale down on meals and refreshments during meetings and workshops except in the case of vulnerable groups where lunches may be served.
  - The Technical department were requested to revisit the budget for the Support Services Agent (SSA) and find ways of reducing such by reprioritizing. It was further requested that Technical appraise Exco and Council of the department's needs and a way forward on the SSA.

6.1.2 In order to achieve a balanced budget the following measures were implemented by management under the direction of the Council;

- New positions not be considered for the 2012/2013 budget and only the critical positions were approved. This saw a reduction of the wage bill related to new positions from R29m to under R1m. Furthermore, positions that were vacant in the 2011/12 financial year that not occupied either by temps or in acting capacity were considered not to be a priority and were therefore deferred, managers had to motivate as to why these positions had to be kept in the budget. This exercise resulted in some new cost centres that were recommended as per the Strat/Manco strategic session, being deferred from the 2012/2013 budget where as a result of the reprioritisation of new positions, these ended up with no 'warm bodies'. The cost centres that were affected are as follows;

- Rural Development,
- Operations and Maintenance : Support Services,
- Asset Management Unit, and
- Auxillary infrastructure development.

It must be noted that the removal of these cost centres from the structure does not necessarily mean that the function will no longer be performed, but management will have to a look at a possibility of redesigning processes and job profiles so that these functions may be absorbed and performed within the existing resources in the municipality.

- Initially, vacant and new positions were budgeted at the top notch of their respective grades to allow for some flexibility should there be a need to attract a skill, however, due to the limited budget it was resolved that this be reviewed and these positions be budgeted for at the bottom notches of their respective grades. To be noted that the National Treasury has advised that in the absence of a wage collective agreement as the current one expires 30 June 2012, the municipalities must budget for an inflationary increase of 5% on staff salaries for the 2012/2013 financial year. The same percentage increase of 5% was applied for Councillors' allowances.
- During the Strat/Manco meeting in November 2011, Exco noted the discrepancies in the payscales for positions which had the same job title but resided in different sections and recommended that management should ensure parity on the remuneration of these

posts, this has been factored into the 2012/2013 medium term budget.

- The budget for the SSA contract was reduced from the initial R65m to R60m, this was in anticipation that the new tender will be well within this budget.
- Budget for drought relief was reduced from an initial amount of R35m to R20m, this was done with an understanding that the expenditure on this will be monitored and reviewed during the mid year review, should it be necessary, this budget will be prioritized and then be topped up, subject to availability of surplus funds from the 2011/12 financial year on completion of the audit.
- Internally funded operational and capital projects were reviewed and where possible, budget provision was reduced or staggered over the medium term due to budget limitation.
- The committee to note that the VAT on conditional grants related to the previous years has been used to augment the deficit on the draft Budget. This follows the clarity from the National Treasury where it was stated that these funds may be used by the municipalities as Own revenue. The management had an intention of using these funds to ensure cash backed reserves are provided for, however due to the need of the budget not being balanced these funds have been utilized to augment the shortfall.

6.2 The draft Annual Budget of the Municipality for the financial year 2012/2013, and indicative outer years, 2013/14 and 2014/15 be recommended for approval by Council as set out in the following A1 schedules;

**DC28 uThungulu - Table A1 Budget Summary**

| Description<br><br>R thousands                                       | 2008/9          | 2009/10         | 2010/11         | Current Year 2011/12 |                 |                    | 2012/13 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2012/13                                 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| <b><u>Financial Performance</u></b>                                  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Service charges  | 30 196          | 32 877          | 41 193          | 32 873               | 36 218          | 36 218             | 41 519  | 47 403                 | 55 009                 |
| Investment revenue   | 26 874          | 26 546          | 24 150          | 25 595               | 24 541          | 24 541             | 24 206  | 27 033                 | 28 656                 |
| Transfers recognised - operational                                   | 167 866         | 282 877         | 282 146         | 349 907              | 368 710         | 368 710            | 372 457   | 398 625                | 425 097                |
| Other own revenue  | 8 090           | 5 805           | 13 627          | 70 378               | 139 813         | 139 813            | 92 328  | 82 176                 | 95 932                 |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>233 026</b>  | <b>348 105</b>  | <b>361 115</b>  | <b>478 754</b>       | <b>569 282</b>  | <b>569 282</b>     | <b>530 510</b>                                      | <b>555 237</b>         | <b>604 694</b>         |
| Employee costs   | 50 611          | 72 686          | 86 623          | 113 772              | 115 408         | 115 408            | 127 085   | 134 710                | 142 793                |
| Remuneration of councillors  | 4 772           | 5 415           | 5 492           | 7 473                | 7 890           | 7 890              | 8 145   | 8 952                  | 9 762                  |
| Depreciation & asset impairment                                      | 10 966          | 30 116          | 39 086          | 32 318               | 39 404          | 39 404             | 42 318  | 45 337                 | 48 357                 |
| Finance charges  | 7 856           | 8 083           | 12 699          | 14 180               | 14 180          | 14 180             | 14 180  | 15 214                 | 15 690                 |
| Materials and bulk purchases   | 11 210          | 18 547          | 24 500          | 21 316               | 22 816          | 22 816             | 23 888  | 26 999                 | 29 536                 |
| Transfers and grants   | 1 832           | 3 476           | 6 031           | 1 669                | 1 669           | 1 669              | 4 745   | 5 030                  | 5 331                  |
| Other expenditure  | 172 275         | 257 385         | 195 970         | 251 083              | 286 725         | 286 725            | 276 129   | 278 967                | 284 770                |
| <b>Total Expenditure</b>   | <b>259 523</b>  | <b>395 708</b>  | <b>370 402</b>  | <b>441 811</b>       | <b>488 093</b>  | <b>488 093</b>     | <b>496 490</b>                                      | <b>515 208</b>         | <b>536 241</b>         |
| <b>Surplus/(Deficit)</b>   | <b>(26 497)</b> | <b>(47 603)</b> | <b>(9 286)</b>  | <b>36 943</b>        | <b>81 189</b>   | <b>81 189</b>      | <b>34 020</b>                                       | <b>40 029</b>          | <b>68 454</b>          |
| Transfers recognised - capital                                       | 75 792          | 124 626         | 103 908         | 159 812              | 222 242         | 222 242            | 204 906   | 225 577                | 293 615                |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>49 295</b>   | <b>77 023</b>   | <b>94 622</b>   | <b>196 755</b>       | <b>303 431</b>  | <b>303 431</b>     | <b>238 926</b>                                      | <b>265 606</b>         | <b>362 069</b>         |
| <b>Surplus/(Deficit) for the year</b>                                | <b>49 295</b>   | <b>77 023</b>   | <b>94 622</b>   | <b>196 755</b>       | <b>303 431</b>  | <b>303 431</b>     | <b>238 926</b>                                      | <b>265 606</b>         | <b>362 069</b>         |
| <b><u>Capital expenditure &amp; funds sources</u></b>                |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Capital expenditure</b>   | <b>155 508</b>  | <b>255 392</b>  | <b>117 501</b>  | <b>196 755</b>       | <b>52 275</b>   | <b>52 275</b>      | <b>236 926</b>                                      | <b>265 608</b>         | <b>362 070</b>         |
| Transfers recognised - capital                                       | -               | -               | 103 452         | 157 812              | 219 022         | 219 022            | 202 906   | 225 577                | 293 625                |
| Public contributions & donations                                     | -               | -               | -               | 2 000                | 2 000           | 2 000              | 2 000   | 2 000                  | 2 000                  |
| Borrowing  | -               | -               | 3 015           | -                    | 19 392          | 19 392             | -   | -                      | -                      |
| Internally generated funds   | -               | -               | 11 034          | 36 943               | 63 018          | 63 018             | 32 020  | 38 031                 | 66 445                 |
| <b>Total sources of capital funds</b>                                | <b>-</b>        | <b>-</b>        | <b>117 501</b>  | <b>196 755</b>       | <b>303 432</b>  | <b>303 432</b>     | <b>236 926</b>                                      | <b>265 608</b>         | <b>362 070</b>         |
| <b><u>Financial position</u></b>                                     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Total current assets   | 339 475         | 302 814         | 402 526         | 375 520              | 374 520         | 374 520            | 386 323   | 410 350                | 436 376                |
| Total non current assets   | 492 226         | 845 076         | 904 196         | 970 744              | 1 070 334       | 1 070 334          | 1 287 900   | 1 510 246              | 1 826 158              |
| Total current liabilities  | 199 312         | 163 237         | 222 671         | 147 918              | 147 918         | 145 821            | 149 209   | 150 579                | 152 151                |
| Total non current liabilities  | 135 335         | 181 417         | 186 607         | 201 904              | 201 904         | 201 904            | 203 845   | 204 580                | 206 916                |
| Community wealth/Equity  | 497 054         | 803 236         | 897 444         | 996 442              | 1 095 032       | 1 095 032          | 1 321 169   | 1 565 437              | 1 903 467              |
| <b><u>Cash flows</u></b>   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Net cash from (used) operating                                       | 139 261         | 85 231          | 202 175         | 232 148              | 338 824         | 338 824            | 199 845   | 242 833                | 329 680                |
| Net cash from (used) investing                                       | (124 003)       | (154 810)       | (97 417)        | (198 413)            | (305 089)       | (1 658)            | (236 986)   | (265 671)              | (362 137)              |
| Net cash from (used) financing                                       | 30 684          | 45 033          | (1 481)         | 644                  | 644             | 644                | 368   | 402                    | 425                    |
| <b>Cash/cash equivalents at the year end</b>                         | <b>286 628</b>  | <b>262 082</b>  | <b>365 359</b>  | <b>330 349</b>       | <b>330 349</b>  | <b>633 780</b>     | <b>294 031</b>                                      | <b>271 595</b>         | <b>239 563</b>         |

**-16-**

|   |         |         |         |           |           |           |         |         |         |
|---|---------|---------|---------|-----------|-----------|-----------|---------|---------|---------|
| <b><u>Cash backing/surplus reconciliation</u></b> |         |         |         |           |           |           |         |         |         |
| Cash and investments available                    | 326 284 | 286 922 | 391 078 | 356 241   | 356 241   | 356 241   | 395 016 | 417 956 | 442 833 |
| Application of cash and investments               | 326 284 | 286 922 | 391 078 | 356 241   | 356 241   | 356 241   | 395 016 | 417 956 | 442 833 |
| Balance - surplus (shortfall)                     | -       | 0       | 0       | -         | -         | -         | -       | -       | -       |
| <b><u>Asset management</u></b>                    |         |         |         |           |           |           |         |         |         |
| Asset register summary (WDV)                      | 372 370 | 470 168 | 190     | 1 100 304 | 1 108 045 | 1 108 045 | -       | -       | -       |
| Depreciation & asset impairment                   | 10 966  | 30 116  | 39 086  | 32 318    | 39 404    | 39 404    | 42 318  | 45 337  | 48 357  |
| Renewal of Existing Assets                        | -       | -       | -       | 9 250     | 9 250     | 9 250     | 190 996 | 190 686 | 222 615 |
| Repairs and Maintenance                           | -       | -       | -       | 39 941    | 43 441    | 43 441    | 45 836  | 47 142  | 50 121  |



**DC28 uThungulu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)**

| Standard Classification Description<br><br>R thousand | 2008/9          | 2009/10         | 2010/11         | Current Year 2011/12 |                 |                    | 2012/13 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2012/13                                 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| <b><u>Revenue - Standard</u></b>                      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i><b>Governance and administration</b></i>           | 295 817         | 349 915         | 301 801         | 457 289              | 606 903         | 606 903            | 319 680   | 334 986                | 418 412                |
| Budget and treasury office                            | 295 817         | 349 915         | 301 801         | 457 289              | 606 903         | 606 903            | 319 680   | 334 986                | 418 412                |
| <i><b>Community and public safety</b></i>             | 478             | 808             | 14 096          | 16 150               | 16 048          | 16 048             | 19 690  | 21 060                 | 22 595                 |
| Community and social services                         | 478             | 808             | 316             | 321                  | 219             | 219                | 219   | 231                    | 242                    |
| Health  | –               | –               | 13 780          | 15 829               | 15 829          | 15 829             | 19 472  | 20 830                 | 22 353                 |
| <i><b>Trading services</b></i>                        | 107 976         | 128 564         | 149 126         | 165 127              | 168 575         | 168 575            | 394 045   | 424 768                | 457 301                |
| Electricity   | 2 944           | 156             | –               | –                    | –               | –                  | –   | –                      | –                      |
| Water   | 96 884          | 120 045         | 138 374         | 154 807              | 158 255         | 158 255            | 380 787   | 407 208                | 433 746                |
| Waste water management                                | 3 469           | 3 295           | 3 513           | 3 201                | 3 201           | 3 201              | 3 203   | 3 382                  | 3 565                  |
| Waste management                                      | 4 678           | 5 068           | 7 239           | 7 119                | 7 119           | 7 119              | 10 055  | 14 178                 | 19 991                 |
| <b>Total Revenue - Standard</b>                       | <b>404 271</b>  | <b>479 287</b>  | <b>465 023</b>  | <b>638 566</b>       | <b>791 525</b>  | <b>791 525</b>     | <b>733 416</b>                                      | <b>780 814</b>         | <b>898 309</b>         |
| <b><u>Expenditure - Standard</u></b>                  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i><b>Governance and administration</b></i>           | 51 218          | 67 377          | 68 981          | 86 643               | 93 777          | 93 777             | 96 039  | 101 467                | 108 276                |
| Executive and council                                 | 15 942          | 16 350          | 19 253          | 19 725               | 23 547          | 23 547             | 17 638  | 18 126                 | 19 351                 |
| Budget and treasury office                            | 12 895          | 21 568          | 22 652          | 31 462               | 31 580          | 31 580             | 35 352  | 37 950                 | 40 824                 |
| Corporate services                                    | 22 381          | 29 460          | 27 075          | 35 456               | 38 650          | 38 650             | 43 049  | 45 391                 | 48 101                 |
| <i><b>Community and public safety</b></i>             | 36 586          | 19 497          | 19 182          | 32 659               | 31 547          | 31 547             | 39 859  | 39 889                 | 41 798                 |
| Community and social services                         | 26 183          | 6 598           | 9 242           | 10 567               | 9 752           | 9 752              | 13 922  | 13 145                 | 13 519                 |
| Public safety   | 7 967           | 8 573           | 5 496           | 7 703                | 7 441           | 7 441              | 6 585   | 5 914                  | 5 927                  |
| Health  | 2 435           | 4 326           | 4 444           | 14 389               | 14 354          | 14 354             | 19 352  | 20 830                 | 22 353                 |
| <i><b>Economic and environmental services</b></i>     | 25 603          | 70 863          | 8 604           | 10 210               | 24 618          | 24 618             | 16 284  | 15 141                 | 16 260                 |
| Planning and development                              | 25 603          | 70 863          | 8 604           | 10 210               | 24 618          | 24 618             | 16 284  | 15 141                 | 16 260                 |
| <i><b>Trading services</b></i>                        | 213 585         | 244 527         | 273 634         | 312 299              | 338 151         | 338 151            | 344 307   | 358 709                | 369 905                |
| Electricity   | 3 465           | 245             | –               | –                    | –               | –                  | –   | –                      | –                      |
| Water   | 175 331         | 217 546         | 239 868         | 254 341              | 279 133         | 279 133            | 282 582   | 296 996                | 305 021                |
| Waste water management                                | 17 529          | 17 135          | 15 157          | 40 424               | 35 469          | 35 469             | 36 025  | 34 065                 | 36 451                 |
| Waste management                                      | 17 261          | 9 599           | 18 609          | 17 533               | 23 549          | 23 549             | 25 700  | 27 648                 | 28 432                 |
| <b>Total Expenditure - Standard</b>                   | <b>326 992</b>  | <b>402 264</b>  | <b>370 401</b>  | <b>441 811</b>       | <b>488 093</b>  | <b>488 093</b>     | <b>496 490</b>                                      | <b>515 206</b>         | <b>536 239</b>         |
| <b>Surplus/(Deficit) for the year</b>                 | <b>77 279</b>   | <b>77 023</b>   | <b>94 622</b>   | <b>196 755</b>       | <b>303 432</b>  | <b>303 432</b>     | <b>236 926</b>                                      | <b>265 608</b>         | <b>362 070</b>         |

**DC28 uThungulu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

| Vote Description<br><br>R thousand                            | 2008/9          | 2009/10         | 2010/11         | Current Year 2011/12 |                 |                    | 2012/13 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2012/13                                 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| <b>Revenue by Vote</b>  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 2 - Finance and Administration                           | 295 817         | 349 915         | 301 801         | 408 926              | 558 540         | 558 540            | 529 048   | 559 205                | 656 355                |
| Vote 4 - Community and Social Services                        | 478             | 808             | 316             | 321                  | 219             | 219                | 219   | 231                    | 242                    |
| Vote 6 - Environmental Health                                 | –               | –               | 13 780          | 15 829               | 15 829          | 15 829             | 19 472  | 20 830                 | 22 353                 |
| Vote 7 - Waste Management                                     | 4 678           | 5 068           | 7 239           | 17 119               | 17 119          | 17 119             | 10 055  | 14 178                 | 19 991                 |
| Vote 8 - Electricity Services                                 | 2 944           | 156             | –               | –                    | –               | –                  | –   | –                      | –                      |
| Vote 9 - Infrastructure Services                              | 96 884          | 120 045         | 138 374         | 154 807              | 158 255         | 158 255            | 171 419   | 182 989                | 195 803                |
| Vote 10 - Waste Water Management                              | 3 469           | 3 295           | 3 513           | 41 563               | 41 563          | 41 563             | 3 203   | 3 382                  | 3 565                  |
| <b>Total Revenue by Vote</b>                                  | <b>404 271</b>  | <b>479 287</b>  | <b>465 023</b>  | <b>638 566</b>       | <b>791 525</b>  | <b>791 525</b>     | <b>733 416</b>                                      | <b>780 814</b>         | <b>898 309</b>         |
| <b>Expenditure by Vote to be appropriated</b>                 |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 1 - Executive and Council                                | 24 188          | 25 810          | 28 450          | 30 686               | 37 477          | 37 477             | 35 757  | 37 515                 | 39 994                 |
| Vote 2 - Finance and Administration                           | 27 030          | 41 568          | 40 531          | 55 957               | 56 300          | 56 300             | 60 281  | 63 953                 | 68 281                 |
| Vote 3 - Economic Development, Planning and Rural Development | 25 603          | 70 863          | 8 604           | 10 210               | 24 618          | 24 618             | 16 284  | 15 141                 | 16 260                 |
| Vote 4 - Community and Social Services                        | 26 183          | 6 598           | 9 242           | 10 567               | 9 752           | 9 752              | 13 922  | 13 145                 | 13 519                 |
| Vote 5 - Public Safety  | 7 967           | 8 573           | 5 496           | 7 703                | 7 441           | 7 441              | 6 585   | 5 914                  | 5 927                  |
| Vote 6 - Environmental Health                                 | 2 435           | 4 326           | 4 444           | 14 389               | 14 354          | 14 354             | 19 352  | 20 830                 | 22 353                 |
| Vote 7 - Waste Management                                     | 17 261          | 9 599           | 18 609          | 17 533               | 23 549          | 23 549             | 25 700  | 27 648                 | 28 432                 |
| Vote 8 - Electricity Services                                 | 3 465           | 245             | –               | –                    | –               | –                  | –   | –                      | –                      |
| Vote 9 - Infrastructure Services                              | 175 331         | 217 546         | 239 868         | 254 341              | 279 133         | 279 133            | 282 582   | 296 996                | 305 021                |
| Vote 10 - Waste Water Management                              | 17 529          | 17 135          | 15 157          | 40 424               | 35 469          | 35 469             | 36 025  | 34 065                 | 36 451                 |
| <b>Total Expenditure by Vote</b>                              | <b>326 992</b>  | <b>402 264</b>  | <b>370 401</b>  | <b>441 811</b>       | <b>488 093</b>  | <b>488 093</b>     | <b>496 490</b>                                      | <b>515 206</b>         | <b>536 239</b>         |
| <b>Surplus/(Deficit) for the year</b>                         | <b>77 279</b>   | <b>77 023</b>   | <b>94 622</b>   | <b>196 755</b>       | <b>303 431</b>  | <b>303 431</b>     | <b>236 926</b>                                      | <b>265 608</b>         | <b>362 070</b>         |

**DC28 uThungulu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A**

| Vote Description<br><br>R thousand      | 2008/9          | 2009/10         | 2010/11         | Current Year 2011/12 |                 |                    | 2012/13 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2012/13                                 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| <b>Revenue by Vote</b>                  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 2 - Finance and Administration     | 295 817         | 349 915         | 301 801         | 408 926              | 558 540         | 558 540            | 529 048   | 559 205                | 656 355                |
| Executive Division - Financial Services | 295 817         | 349 915         | 301 801         | 408 926              | 558 540         | 558 540            | 529 048   | 559 205                | 656 355                |
| Vote 4 - Community and Social Services  | 478             | 808             | 316             | 321                  | 219             | 219                | 219   | 231                    | 242                    |
| Cemetery                                | 478             | 808             | 316             | 321                  | 219             | 219                | 219   | 231                    | 242                    |
| Vote 6 - Environmental Health           | -               | -               | 13 780          | 15 829               | 15 829          | 15 829             | 19 472  | 20 830                 | 22 353                 |
| Municipal Health                        |                 |                 | 13 780          | 15 829               | 15 829          | 15 829             | 19 472  | 20 830                 | 22 353                 |
| Vote 7 - Waste Management               | 4 678           | 5 068           | 7 239           | 17 119               | 17 119          | 17 119             | 10 055  | 14 178                 | 19 991                 |
| Solid Waste                             | 4 678           | 5 068           | 7 239           | 17 119               | 17 119          | 17 119             | 10 055  | 14 178                 | 19 991                 |
| Vote 8 - Electricity Services           | 2 944           | 156             | -               | -                    | -               | -                  | -   | -                      | -                      |
| Electricity                             | 2 944           | 156             |                 |                      |                 |                    |   |                        |                        |
| Vote 9 - Infrastructure Services        | 96 884          | 120 045         | 138 374         | 154 807              | 158 255         | 158 255            | 171 419   | 182 989                | 195 803                |
| Water Services                          | 123             | 90              | 60 367          |                      |                 |                    |   |                        |                        |
| Authority Division                      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Water Services                          | 74 062          | 10 721          | 44 575          | 4 173                | 4 173           | 4 173              | 143 377   | 153 376                | 164 591                |
| Provider Division                       | 2 997           | 94 069          | 13 171          | 132 575              | 132 575         | 132 575            | 28 042  | 29 612                 | 31 212                 |
| Consumer Billing                        |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Water Services                          | 11 632          | 3 004           | 3 850           | 2 156                | 2 156           | 2 156              |   |                        |                        |
| Provider - Western Region               |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Water Services                          | 8 070           | 12 161          | 16 412          | 15 904               | 19 352          | 19 352             |   |                        |                        |
| Provider - Southern Region              |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 10 - Waste Water Management        | 3 469           | 3 295           | 3 513           | 41 563               | 41 563          | 41 563             | 3 203   | 3 382                  | 3 565                  |
| Waste Water Management                  | 3 469           | 3 295           | 3 513           | 41 563               | 41 563          | 41 563             | 3 203   | 3 382                  | 3 565                  |
| <b>Total Revenue by Vote</b>            | <b>404 271</b>  | <b>479 287</b>  | <b>465 023</b>  | <b>638 566</b>       | <b>791 525</b>  | <b>791 525</b>     | <b>733 416</b>                                      | <b>780 814</b>         | <b>898 309</b>         |
| <b>Expenditure by Vote</b>              |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 1 - Executive and Council          | 24 188          | 25 810          | 28 450          | 30 686               | 37 477          | 37 477             | 35 757  | 37 515                 | 39 994                 |
| Board and General                       | 10 057          | 9 523           | 13 348          | 11 907               | 14 979          | 14 979             | 13 465  | 13 911                 | 14 743                 |
| Executive Division - Corporate Services | 1 412           | 1 581           | 1 481           | 1 645                | 2 863           | 2 863              | 4 507   | 4 769                  | 5 038                  |
| Administrative Services                 | 6 834           | 7 880           | 7 716           | 9 316                | 11 067          | 11 067             | 13 612  | 14 620                 | 15 606                 |
| Municipal Manager's Department          | 5 885           | 6 795           | 3 942           | 5 004                | 5 707           | 5 707              | 4 173   | 4 215                  | 4 607                  |
| Deputy Municipal Manager's Dept         |                 | 32              | 1 964           | 2 815                | 2 861           | 2 861              | -   | -                      | -                      |
| Vote 2 - Finance and Administration     | 27 030          | 41 568          | 40 531          | 55 957               | 56 300          | 56 300             | 60 281  | 63 953                 | 68 281                 |
| Management Services/HR                  | 3 275           | 6 150           | 5 952           | 8 946                | 9 161           | 9 161              | 8 762   | 8 865                  | 9 292                  |
| Executive Division - Financial Services | 3 680           | 9 883           | 10 010          | 13 079               | 12 904          | 12 904             | 15 453  | 16 923                 | 18 605                 |
| Expenditure                             | 2 817           | 3 627           | 3 943           | 7 216                | 7 384           | 7 384              | 7 607   | 8 031                  | 8 527                  |
| Auxiliary Services                      | 5 969           | 7 508           | 7 162           | 8 474                | 8 559           | 8 559              | 8 753   | 9 279                  | 9 835                  |
| Satellite Offices                       | 1 742           | 1 351           | 1 435           | 1 806                | 1 833           | 1 833              | 1 729   | 1 832                  | 1 942                  |
| Bateleur Park                           | 929             | -               |                 | -                    | -               | -                  | -   | -                      | -                      |
| Budget and Management Accounts          | 1 164           | 1 931           | 2 190           | 3 650                | 3 177           | 3 177              | 4 324   | 4 584                  | 4 859                  |
| Finance Interns                         | 518             | 639             | 836             | 1 210                | 1 460           | 1 460              | 1 210   | 1 250                  | 1 240                  |

|  |                |                |                |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Management Services/IT   | 2 220          | 4 990          | 3 329          | 5 269          | 5 168          | 5 168          | 5 686          | 6 027          | 6 388          |
| Supply Chain Management  | 4 717          | 5 487          | 5 673          | 6 307          | 6 655          | 6 655          | 6 758          | 7 163          | 7 593          |
| <b>Vote 3 - Economic Development, Planning and Rural Development</b> | <b>25 603</b>  | <b>70 863</b>  | <b>8 604</b>   | <b>10 210</b>  | <b>24 618</b>  | <b>24 618</b>  | <b>16 284</b>  | <b>15 141</b>  | <b>16 260</b>  |
| Planning Dept  | 24 745         | 70 346         | 8 319          | 9 564          | 23 991         | 23 991         | 15 202         | 13 994         | 15 042         |
| MSIG   | 594            |                |                |                | -              | -              |                |                |                |
| Planning Shared Services   | 264            | 517            | 284            | 646            | 627            | 627            | 1 082          | 1 148          | 1 218          |
| <b>Vote 4 - Community and Social Services</b>                        | <b>26 183</b>  | <b>6 598</b>   | <b>9 242</b>   | <b>10 567</b>  | <b>9 752</b>   | <b>9 752</b>   | <b>13 922</b>  | <b>13 145</b>  | <b>13 519</b>  |
| Community Services Division  | 24 882         | 5 198          | 5 451          | 6 121          | 6 692          | 6 692          | 12 540         | 11 678         | 11 962         |
| Cemetery   | 1 301          | 1 401          | 3 791          | 4 446          | 3 060          | 3 060          | 1 382          | 1 467          | 1 557          |
| <b>Vote 5 - Public Safety</b>  | <b>7 967</b>   | <b>8 573</b>   | <b>5 496</b>   | <b>7 703</b>   | <b>7 441</b>   | <b>7 441</b>   | <b>6 585</b>   | <b>5 914</b>   | <b>5 927</b>   |
| Disaster Management  | 2 741          | 2 678          | 1 907          | 3 457          | 3 811          | 3 811          | 3 407          | 2 923          | 3 098          |
| Fire Fighting  | 5 227          | 5 895          | 3 589          | 4 246          | 3 630          | 3 630          | 3 179          | 2 991          | 2 829          |
| <b>Vote 6 - Environmental Health</b>                                 | <b>2 435</b>   | <b>4 326</b>   | <b>4 444</b>   | <b>14 389</b>  | <b>14 354</b>  | <b>14 354</b>  | <b>19 352</b>  | <b>20 830</b>  | <b>22 353</b>  |
| Municipal Health   | 2 435          | 4 326          | 4 444          | 14 389         | 14 354         | 14 354         | 19 352         | 20 830         | 22 353         |
| <b>Vote 7 - Waste Management</b>                                     | <b>17 261</b>  | <b>9 599</b>   | <b>18 609</b>  | <b>17 533</b>  | <b>23 549</b>  | <b>23 549</b>  | <b>25 700</b>  | <b>27 648</b>  | <b>28 432</b>  |
| Solid Waste  | 17 261         | 9 599          | 18 609         | 17 533         | 23 549         | 23 549         | 25 700         | 27 648         | 28 432         |
| <b>Vote 8 - Electricity Services</b>                                 | <b>3 465</b>   | <b>245</b>     | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| Electricity  | 3 465          | 245            |                |                |                |                |                |                |                |
| <b>Vote 9 - Infrastructure Services</b>                              | <b>175 331</b> | <b>217 546</b> | <b>239 868</b> | <b>254 341</b> | <b>279 133</b> | <b>279 133</b> | <b>282 582</b> | <b>296 996</b> | <b>305 021</b> |
| Executive Division - Technical Services                              | 1 367          | 3 148          | 1 226          | 1 979          | 1 840          | 1 840          | 2 073          | 2 176          | 2 307          |
| Municipal Infrastructure - Operations & Maintenance                  | 3 043          | 3 331          | 3 727          | 6 586          | 6 459          | 6 459          | 5 948          | 6 305          | 6 683          |
| Municipal Infrastructure Implementation                              | 4 057          | 4 522          | 5 789          | 9 567          | 9 651          | 9 651          | 6 688          | 7 089          | 7 514          |
| Water Services Authority Division                                    | 29 072         | 38 754         | 61 038         | 48 216         | 55 318         | 55 318         | 57 696         | 61 587         | 64 876         |
| Water Services Provider Division                                     | 8 024          | 10 061         | 148 583        | 23 404         | 172 552        | 172 552        | 169 258        | 177 667        | 179 151        |
| Consumer Billing   | 123 098        | 150 214        | 10 966         | 148 885        | 17 450         | 17 450         | 19 390         | 18 776         | 19 992         |
| Water Services Provider - Western Region                             | 1 668          | 2 152          | 2 454          | 5 669          | 5 718          | 5 718          | 6 638          | 7 157          | 7 725          |
| Water Services Provider - Southern Region                            | 5 003          | 5 365          | 6 085          | 10 036         | 10 146         | 10 146         | 9 066          | 9 610          | 10 186         |
| Water Services Provider - Eastern Region                             |                |                |                |                |                |                | 3 948          | 4 265          | 4 614          |
| Auxiliary Infrastructure Development                                 |                |                |                |                |                |                | 1 876          | 2 364          | 1 972          |
| <b>Vote 10 - Waste Water Management</b>                              | <b>17 529</b>  | <b>17 135</b>  | <b>15 157</b>  | <b>40 424</b>  | <b>35 469</b>  | <b>35 469</b>  | <b>36 025</b>  | <b>34 065</b>  | <b>36 451</b>  |
| Waste Water Management   | 17 529         | 17 135         | 15 157         | 40 424         | 35 469         | 35 469         | 36 025         | 34 065         | 36 451         |
| <b>Total Expenditure by Vote</b>                                     | <b>326 992</b> | <b>402 264</b> | <b>370 401</b> | <b>441 811</b> | <b>488 093</b> | <b>488 093</b> | <b>496 490</b> | <b>515 206</b> | <b>536 239</b> |
| <b>Surplus/(Deficit) for the year</b>                                | <b>77 279</b>  | <b>77 023</b>  | <b>94 622</b>  | <b>196 755</b> | <b>303 431</b> | <b>303 431</b> | <b>236 926</b> | <b>265 608</b> | <b>362 070</b> |

DC28 uThungulu – Table A4 Budgeted Financial Performance  
(revenue and expenditure)

| Description<br><br>R thousand  | 2008/9          | 2009/10         | 2010/11         | Current Year 2011/12 |                 |                    | 2012/13 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2012/13                                 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| <b>Revenue By Source</b>   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Service charges – electricity revenue                                | 2 040           | 139             | –               | –                    | –               | –                  | –   | –                      | –                      |
| Service charges – water revenue                                      | 18 984          | 23 961          | 30 125          | 22 232               | 25 680          | 25 680             | 28 042  | 29 612                 | 31 212                 |
| Service charges – sanitation revenue                                 | 3 010           | 3 297           | 3 513           | 3 201                | 3 201           | 3 201              | 3 203   | 3 382                  | 3 565                  |
| Service charges – refuse revenue                                     | 5 570           | 5 068           | 7 239           | 7 119                | 7 119           | 7 119              | 10 055  | 14 178                 | 19 991                 |
| Service charges – other  | 592             | 412             | 316             | 321                  | 219             | 219                | 219   | 231                    | 242                    |
| Rental of facilities and equipment                                   | –               | 47              | 38              | 49                   | 49              | 49                 | –   | –                      | –                      |
| Interest earned – external investments                               | 26 874          | 26 546          | 24 150          | 25 595               | 24 541          | 24 541             | 24 206  | 27 033                 | 28 656                 |
| Interest earned – outstanding debtors                                | –               | –               | 56              | 52                   | 52              | 52                 | 227   | 246                    | 260                    |
| Transfers recognised – operational                                   | 167 866         | 282 877         | 282 146         | 349 907              | 368 710         | 368 710            | 372 457   | 398 625                | 425 097                |
| Other revenue  | 8 146           | 6 737           | 12 932          | 70 277               | 139 711         | 139 711            | 92 100  | 81 930                 | 95 672                 |
| Gains on disposal of PPE   | (56)            | (979)           | 601             |                      |                 |                    |   |                        |                        |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>233 026</b>  | <b>348 105</b>  | <b>361 115</b>  | <b>478 754</b>       | <b>569 282</b>  | <b>569 282</b>     | <b>530 510</b>                                      | <b>555 237</b>         | <b>604 694</b>         |
| <b>Expenditure By Type</b>   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Employee related costs   | 50 611          | 72 686          | 86 623          | 113 772              | 115 408         | 115 408            | 127 085   | 134 710                | 142 793                |
| Remuneration of councillors  | 4 772           | 5 415           | 5 492           | 7 473                | 7 890           | 7 890              | 8 145   | 8 952                  | 9 762                  |
| Debt impairment  | 3 067           | 3 154           | 6 437           | 3 076                | 4 076           | 4 076              | 3 379   | 3 582                  | 3 797                  |
| Depreciation & asset impairment                                      | 10 966          | 30 116          | 39 086          | 32 318               | 39 404          | 39 404             | 42 318  | 45 337                 | 48 357                 |
| Finance charges  | 7 856           | 8 083           | 12 699          | 14 180               | 14 180          | 14 180             | 14 180  | 15 214                 | 15 690                 |
| Bulk purchases   | 11 055          | 18 357          | 24 470          | 21 240               | 22 740          | 22 740             | 23 775  | 26 879                 | 29 409                 |
| Other materials  | 155             | 189             | 30              | 76                   | 76              | 76                 | 113   | 120                    | 127                    |
| Contracted services  | 40 503          | 68 077          | 60 161          | 72 458               | 74 333          | 74 333             | 74 921  | 75 594                 | 76 372                 |
| Transfers and grants   | 1 832           | 3 476           | 6 031           | 1 669                | 1 669           | 1 669              | 4 745   | 5 030                  | 5 331                  |
| Other expenditure  | 128 705         | 186 155         | 129 372         | 175 549              | 208 316         | 208 316            | 197 830   | 199 791                | 204 602                |
| <b>Total Expenditure</b>   | <b>259 523</b>  | <b>395 708</b>  | <b>370 402</b>  | <b>441 811</b>       | <b>488 093</b>  | <b>488 093</b>     | <b>496 490</b>                                      | <b>515 208</b>         | <b>536 241</b>         |
| <b>Surplus/(Deficit)</b>   | <b>(26 497)</b> | <b>(47 603)</b> | <b>(9 286)</b>  | <b>36 943</b>        | <b>81 189</b>   | <b>81 189</b>      | <b>34 020</b>                                       | <b>40 029</b>          | <b>68 454</b>          |
| Transfers recognised – capital                                       | 75 792          | 124 626         | 103 908         | 159 812              | 222 242         | 222 242            | 204 906   | 225 577                | 293 615                |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>49 295</b>   | <b>77 023</b>   | <b>94 622</b>   | <b>196 755</b>       | <b>303 431</b>  | <b>303 431</b>     | <b>238 926</b>                                      | <b>265 606</b>         | <b>362 069</b>         |
| <b>Surplus/(Deficit) after taxation</b>                              | <b>49 295</b>   | <b>77 023</b>   | <b>94 622</b>   | <b>196 755</b>       | <b>303 431</b>  | <b>303 431</b>     | <b>238 926</b>                                      | <b>265 606</b>         | <b>362 069</b>         |
| <b>Surplus/(Deficit) attributable to municipality</b>                | <b>49 295</b>   | <b>77 023</b>   | <b>94 622</b>   | <b>196 755</b>       | <b>303 431</b>  | <b>303 431</b>     | <b>238 926</b>                                      | <b>265 606</b>         | <b>362 069</b>         |
| <b>Surplus/(Deficit) for the year</b>                                | <b>49 295</b>   | <b>77 023</b>   | <b>94 622</b>   | <b>196 755</b>       | <b>303 431</b>  | <b>303 431</b>     | <b>238 926</b>                                      | <b>265 606</b>         | <b>362 069</b>         |

DC28 uThungulu – Table A5 Budgeted Capital Expenditure by  
vote, standard classification and funding

| Vote Description<br><br>R thousand                                  | 2008/9             | 2009/10            | 2010/11            | Current Year<br>2011/12 |                    |                       | 2012/13 Medium Term Revenue & Expenditure<br>Framework |                           |                           |
|---|--------------------|--------------------|--------------------|-------------------------|--------------------|-----------------------|--|---------------------------|---------------------------|
|   | Audited<br>Outcome | Audited<br>Outcome | Audited<br>Outcome | Original<br>Budget      | Adjusted<br>Budget | Full Year<br>Forecast | Budget Year<br>2012/13                                 | Budget Year<br>+1 2013/14 | Budget Year<br>+2 2014/15 |
| <b>Capital expenditure –<br/>Vote</b>                               |                    |                    |                    |                         |                    |                       |  |                           |                           |
| <b><u>Multi-year expenditure to<br/>be appropriated</u></b>         |                    |                    |                    |                         |                    |                       |  |                           |                           |
| Vote 1 – Executive and<br>Council                                   | 10                 | –                  | –                  | –                       | –                  | –                     | –  | –                         | –                         |
| Vote 2 – Finance and<br>Administration                              | 39 677             | 16 481             | 3 210              | 40                      | 70                 | 70                    | –  | –                         | –                         |
| Vote 3 – Economic<br>Development, Planning<br>and Rural Development | 126                | –                  | –                  | –                       | –                  | –                     | –  | –                         | –                         |
| Vote 4 – Community<br>and Social Services                           | 1 866              | –                  | 1 402              | 500                     | 500                | 500                   | 2 000  | 3 000                     | 5 700                     |
| Vote 5 – Public Safety  | 1 320              | –                  | –                  | –                       | –                  | –                     | –  | –                         | –                         |
| Vote 7 – Waste<br>Management  | 24 453             | 23 221             | 52                 | 10 000                  | 000                | 10 000                | 7 600  | 16 931                    | 34 500                    |
| Vote 9 – Infrastructure<br>Services                                 | 87 473             | 207 902            | 108 322            | 170                     | 259                | 259 643               | 222 346  | 233 577                   | 301 965                   |
| Vote 10 – Waste Water<br>Management                                 | 150                | 3 789              | 895                | 743                     | 643                | 10                    | –  | 2 000                     | 4 000                     |
| <b>Capital multi-year<br/>expenditure sub-total</b>                 | <b>155 076</b>     | <b>251 393</b>     | <b>113 880</b>     | <b>181</b><br>283       | <b>280</b><br>540  | <b>280 540</b>        | <b>231 946</b>   | <b>255 508</b>            | <b>346 165</b>            |
| <b><u>Single-year expenditure<br/>to be appropriated</u></b>        |                    |                    |                    |                         |                    |                       |  |                           |                           |
| Vote 1 – Executive and<br>Council                                   | 432                | –                  | 208                | 310                     | 1                  | 1 060                 | 270  | –                         | –                         |
| Vote 2 – Finance and<br>Administration                              | –                  | –                  | 1 010              | 1 578                   | 060                | 4 330                 | 740  | 2 200                     | 1 810                     |
| Vote 3 – Economic<br>Development, Planning<br>and Rural Development | –                  | –                  | 56                 | –                       | 4                  | 50                    | –  | –                         | –                         |
| Vote 4 – Community<br>and Social Services                           | –                  | –                  | 56                 | –                       | 50                 | 1 558                 | –  | 1 500                     | 2 500                     |
| Vote 5 – Public Safety  | –                  | –                  | –                  | 250                     | 1                  | 250                   | –  | 200                       | 1 200                     |
| Vote 6 – Environmental<br>Health                                    | –                  | –                  | 190                | –                       | 558                | 1 434                 | 120  | –                         | –                         |
| Vote 7 – Waste<br>Management  | –                  | –                  | –                  | 45                      | 434                | 746                   | –  | –                         | –                         |
| Vote 9 – Infrastructure<br>Services                                 | –                  | 3 999              | 2 100              | 13 289                  | 746                | 13 465                | 3 850  | 6 200                     | 10 395                    |
| <b>Capital single-year<br/>expenditure sub-total</b>                | <b>432</b>         | <b>3 999</b>       | <b>3 620</b>       | <b>15 472</b>           | <b>22</b><br>892   | <b>22 892</b>         | <b>4 980</b>   | <b>10 100</b>             | <b>15 905</b>             |
| <b>Total Capital Expenditure<br/>– Vote</b>                         | <b>155 508</b>     | <b>255 392</b>     | <b>117 501</b>     | <b>196</b><br>755       | <b>303</b><br>432  | <b>303 432</b>        | <b>236 926</b>   | <b>265 608</b>            | <b>362 070</b>            |

DC28 uThungulu - Table A6 Budgeted Financial Position

| Description<br><br>R thousand            | 2008/9          | 2009/10          | 2010/11          | Current Year 2011/12 |                  |                    | 2012/13 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------|------------------|------------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
|  | Audited Outcome | Audited Outcome  | Audited Outcome  | Original Budget      | Adjusted Budget  | Full Year Forecast | Budget Year 2012/13                                 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| <b>ASSETS</b>                            |                 |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Current assets</b>                    |                 |                  |                  |                      |                  |                    |   |                        |                        |
| Cash                                     | 66 627          | 22 081           | 45 358           | 19 910               | 19 910           | 19 910             | 21 105  | 22 370                 | 24 772                 |
| Call investment deposits                 | 220 000         | 240 000          | 320 000          | 310 000              | 310 000          | 310 000            | 325 000   | 345 000                | 365 700                |
| Consumer debtors                         | 10 645          | 14 540           | 10 229           | 12 262               | 11 262           | 11 262             | 11 870  | 12 511                 | 13 187                 |
| Other debtors                            | 32 410          | 17 569           | 19 837           | 26 921               | 26 921           | 26 921             | 20 536  | 22 248                 | 24 063                 |
| Current portion of long-term receivables | 76              | 221              | 33               | 171                  | 171              | 171                | 181   | 192                    | 203                    |
| Inventory                                | 9 717           | 8 403            | 7 069            | 6 256                | 6 256            | 6 256              | 7 631   | 8 029                  | 8 451                  |
| <b>Total current assets</b>              | <b>339 475</b>  | <b>302 814</b>   | <b>402 526</b>   | <b>375 520</b>       | <b>374 520</b>   | <b>374 520</b>     | <b>386 323</b>                                      | <b>410 350</b>         | <b>436 376</b>         |
| <b>Non current assets</b>                |                 |                  |                  |                      |                  |                    |   |                        |                        |
| Long-term receivables                    | 911             | 672              | 542              | 997                  | 997              | 997                | 1 057   | 1 120                  | 1 187                  |
| Investments                              | 39 657          | 24 841           | 25 720           | 26 331               | 26 331           | 26 331             | 48 911  | 50 586                 | 52 361                 |
| Investment property                      |                 | 18 804           |                  |                      |                  |                    |   |                        |                        |
| Property, plant and equipment            | 451 301         | 800 696          | 877 744          | 943 416              | 1 043 006        | 1 043 006          | 1 237 932   | 1 458 540              | 1 772 610              |
| Intangible                               | 357             | 63               | 190              |                      |                  |                    |   |                        |                        |
| <b>Total non current assets</b>          | <b>492 226</b>  | <b>845 076</b>   | <b>904 196</b>   | <b>970 744</b>       | <b>1 070 334</b> | <b>1 070 334</b>   | <b>1 287 900</b>                                    | <b>1 510 246</b>       | <b>1 826 158</b>       |
| <b>TOTAL ASSETS</b>                      | <b>831 701</b>  | <b>1 147 890</b> | <b>1 306 722</b> | <b>1 346 264</b>     | <b>1 444 854</b> | <b>1 444 854</b>   | <b>1 674 223</b>                                    | <b>1 920 596</b>       | <b>2 262 534</b>       |
| <b>LIABILITIES</b>                       |                 |                  |                  |                      |                  |                    |   |                        |                        |
| <b>Current liabilities</b>               |                 |                  |                  |                      |                  |                    |   |                        |                        |
| Borrowing                                | 4 660           | 6 584            | 7 451            | 7 844                | 7 844            | 7 844              | 8 212   | 8 626                  | 9 074                  |
| Consumer deposits                        | 5 764           | 6 243            | 7 244            | 7 076                | 7 076            | 7 076              | 7 458   | 7 860                  | 8 285                  |
| Trade and other payables                 | 187 717         | 149 521          | 206 532          | 130 901              | 130 901          | 130 901            | 131 317   | 131 738                | 132 296                |
| Provisions                               | 1 171           | 889              | 1 443            | 2 097                | 2 097            |                    | 2 222   | 2 355                  | 2 496                  |
| <b>Total current liabilities</b>         | <b>199 312</b>  | <b>163 237</b>   | <b>222 671</b>   | <b>147 918</b>       | <b>147 918</b>   | <b>145 821</b>     | <b>149 209</b>                                      | <b>150 579</b>         | <b>152 151</b>         |
| <b>Non current liabilities</b>           |                 |                  |                  |                      |                  |                    |   |                        |                        |
| Borrowing                                | 67 979          | 111 087          | 108 739          | 106 067              | 106 067          | 106 067            | 102 257   | 96 897                 | 92 773                 |
| Provisions                               | 67 356          | 70 330           | 77 868           | 95 837               | 95 837           | 95 837             | 101 588   | 107 683                | 114 143                |
| <b>Total non current liabilities</b>     | <b>135 335</b>  | <b>181 417</b>   | <b>186 607</b>   | <b>201 904</b>       | <b>201 904</b>   | <b>201 904</b>     | <b>203 845</b>                                      | <b>204 580</b>         | <b>206 916</b>         |
| <b>TOTAL LIABILITIES</b>                 | <b>334 647</b>  | <b>344 654</b>   | <b>409 278</b>   | <b>349 822</b>       | <b>349 822</b>   | <b>347 725</b>     | <b>353 054</b>                                      | <b>355 159</b>         | <b>359 066</b>         |
| <b>NET ASSETS</b>                        | <b>497 054</b>  | <b>803 236</b>   | <b>897 444</b>   | <b>996 442</b>       | <b>1 095 032</b> | <b>1 097 129</b>   | <b>1 321 169</b>                                    | <b>1 565 437</b>       | <b>1 903 467</b>       |
| <b>COMMUNITY WEALTH/EQUITY</b>           |                 |                  |                  |                      |                  |                    |   |                        |                        |
| Accumulated Surplus/(Deficit)            | 497 054         | 803 236          | 897 444          | 996 442              | 1 095 032        | 1 095 032          | 1 321 169   | 1 565 437              | 1 903 467              |
| Reserves                                 | -               | -                | -                | -                    | -                | -                  | -   | -                      | -                      |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | <b>497 054</b>  | <b>803 236</b>   | <b>897 444</b>   | <b>996 442</b>       | <b>1 095 032</b> | <b>1 095 032</b>   | <b>1 321 169</b>                                    | <b>1 565 437</b>       | <b>1 903 467</b>       |

DC28 uThungulu - Table A7 Budgeted Cash Flows

| Description                                       | R thousand | 2008/9           | 2009/10          | 2010/11         | Current Year 2011/12 |                  |                    | 2012/13 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|------------|------------------|------------------|-----------------|----------------------|------------------|--------------------|---|------------------------|------------------------|
|   |            | Audited Outcome  | Audited Outcome  | Audited Outcome | Original Budget      | Adjusted Budget  | Full Year Forecast | Budget Year 2012/13                                 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |            |                  |                  |                 |                      |                  |                    |   |                        |                        |
| Receipts  |            |                  |                  |                 |                      |                  |                    |   |                        |                        |
| Ratepayers and other                              |            | 45 314           | 33 430           | 58 469          | 100 865              | 173 682          | 173 682            | 50 843  | 57 641                 | 66 137                 |
| Government - operating                            |            | 214 665          | 224 236          | 266 936         | 352 241              | 368 844          | 368 844            | 372 617   | 398 625                | 425 097                |
| Government - capital                              |            | 107 221          | 119 936          | 130 586         | 159 812              | 215 661          | 215 661            | 202 746   | 225 577                | 293 615                |
| Interest  |            | 36 359           | 26 546           | 24 206          | 25 647               | 25 250           | 25 250             | 24 433  | 27 279                 | 28 916                 |
| Payments  |            |                  |                  |                 |                      |                  |                    |   |                        |                        |
| Suppliers and employees                           |            | (256 180)        | (309 673)        | (265 322)       | (392 237)            | (430 433)        | (430 433)          | (431 869)   | (446 045)              | (463 064)              |
| Finance charges                                   |            | (8 118)          | (9 244)          | (12 699)        | (14 180)             | (14 180)         | (14 180)           | (14 180)  | (15 214)               | (15 690)               |
| Transfers and Grants                              |            |                  |                  |                 |                      |                  |                    | (4 745)   | (5 030)                | (5 331)                |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  |            | <b>139 261</b>   | <b>85 231</b>    | <b>202 175</b>  | <b>232 148</b>       | <b>338 824</b>   | <b>338 824</b>     | <b>199 845</b>                                      | <b>242 833</b>         | <b>329 680</b>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |            |                  |                  |                 |                      |                  |                    |   |                        |                        |
| Receipts  |            |                  |                  |                 |                      |                  |                    |   |                        |                        |
| Proceeds on disposal of PPE                       |            |                  |                  | 1 319           |                      |                  |                    |   |                        |                        |
| Decrease (increase) other non-current receivables |            | 629              | 94               | 317             | (455)                | (455)            | (455)              | (60)  | (63)                   | (67)                   |
| Decrease (increase) in non-current investments    |            | (2 756)          | (3 988)          | 17 926          | (1 203)              | (1 203)          | (1 203)            |   |                        |                        |
| Payments  |            |                  |                  |                 |                      |                  |                    |   |                        |                        |
| Capital assets                                    |            | (121 876)        | (150 916)        | (116 979)       | (196 755)            | (303 431)        |                    | (236 926)   | (265 608)              | (362 070)              |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  |            | <b>(124 003)</b> | <b>(154 810)</b> | <b>(97 417)</b> | <b>(198 413)</b>     | <b>(305 089)</b> | <b>(1 658)</b>     | <b>(236 986)</b>                                    | <b>(265 671)</b>       | <b>(362 137)</b>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |            |                  |                  |                 |                      |                  |                    |   |                        |                        |
| Receipts  |            |                  |                  |                 |                      |                  |                    |   |                        |                        |
| Borrowing long term/refinancing                   |            | 30 684           | 45 033           | (1 481)         |                      |                  |                    |   |                        |                        |
| Increase (decrease) in consumer deposits          |            |                  |                  |                 | 644                  | 644              | 644                | 368   | 402                    | 425                    |
| Payments  |            |                  |                  |                 |                      |                  |                    |   |                        |                        |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  |            | <b>30 684</b>    | <b>45 033</b>    | <b>(1 481)</b>  | <b>644</b>           | <b>644</b>       | <b>644</b>         | <b>368</b>  | <b>402</b>             | <b>425</b>             |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>       |            | <b>45 942</b>    | <b>(24 546)</b>  | <b>103 277</b>  | <b>34 379</b>        | <b>34 379</b>    | <b>337 810</b>     | <b>(36 773)</b>                                     | <b>(22 436)</b>        | <b>(32 032)</b>        |
| Cash/cash equivalents at the year begin:          |            | <b>240 686</b>   | <b>286 628</b>   | <b>262 082</b>  | <b>295 970</b>       | <b>295 970</b>   | <b>295 970</b>     | <b>330 804</b>                                      | <b>294 031</b>         | <b>271 595</b>         |
| Cash/cash equivalents at the year end:            |            | <b>286 628</b>   | <b>262 082</b>   | <b>365 359</b>  | <b>330 349</b>       | <b>330 349</b>   | <b>633 780</b>     | <b>294 031</b>                                      | <b>271 595</b>         | <b>239 563</b>         |



DC28 uThungulu - Table A8 Cash backed reserves/accumulated surplus reconciliation

| Description<br><br>R thousand                     |  | 2008/9          | 2009/10         | 2010/11         | Current Year 2011/12 |                 |                    | 2012/13 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |  | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2012/13                                 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| <b><u>Cash and investments available</u></b>      |  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Cash/cash equivalents at the year end             |  | 286 628         | 262 082         | 365 359         | 330 349              | 330 349         | 633 780            | 294 031   | 271 595                | 239 563                |
| Other current investments > 90 days               |  | (1)             | (1)             | (1)             | (439)                | (439)           | (303 870)          | 52 074  | 95 775                 | 150 909                |
| Non current assets - Investments                  |  | 39 657          | 24 841          | 25 720          | 26 331               | 26 331          | 26 331             | 48 911  | 50 586                 | 52 361                 |
| <b>Cash and investments available:</b>            |  | <b>326 284</b>  | <b>286 922</b>  | <b>391 078</b>  | <b>356 241</b>       | <b>356 241</b>  | <b>356 241</b>     | <b>395 016</b>                                      | <b>417 956</b>         | <b>442 833</b>         |
| <b><u>Application of cash and investments</u></b> |  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Unspent conditional transfers                     |  | 141 358         | 78 027          | 91 246          | 94 956               | 94 956          | 94 956             | 93 216  | 91 351                 | 89 486                 |
| Unspent borrowing                                 |  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Statutory requirements                            |  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Other working capital requirements                |  | (5 602)         | 43 863          | 82 279          | (3 306)              | (2 712)         | (2 712)            | 25 390  | 24 427                 | 25 968                 |
| Other provisions                                  |  |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Long term investments committed                   |  | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Reserves to be backed by cash/investments         |  | 190 528         | 165 032         | 217 553         | 264 591              | 263 997         | 263 997            | 276 410   | 302 178                | 327 379                |
| <b>Total Application of cash and investments:</b> |  | <b>326 284</b>  | <b>286 922</b>  | <b>391 078</b>  | <b>356 241</b>       | <b>356 241</b>  | <b>356 241</b>     | <b>395 016</b>                                      | <b>417 956</b>         | <b>442 833</b>         |
| <b>Surplus(shortfall)</b>                         |  | <b>-</b>        | <b>0</b>        | <b>0</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |

DC28 uThungulu - Table A10 Basic service delivery measurement

| Description                                      | 2008/9         | 2009/10        | 2010/11        | Current Year 2011/12 |                 |                    | 2012/13 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|----------------|----------------|----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  | Outcome        | Outcome        | Outcome        | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2012/13                                 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| <b>Household service targets</b>                 |                |                |                |                      |                 |                    |   |                        |                        |
| <b><u>Water:</u></b>                             |                |                |                |                      |                 |                    |   |                        |                        |
| Piped water inside dwelling                      | 20 560         | 20 710         | 20 917         | 20 982               | 20 982          | 20 982             | 25 178  | 30 214                 | 36 257                 |
| Piped water inside yard (but not in dwelling)    | 17 090         | 18 150         | 18 332         | 21 800               | 21 800          | 21 800             | 26 160  | 31 392                 | 37 670                 |
| Using public tap (at least min.service level)    | 20 058         | 20 659         | 20 866         | 22 000               | 22 000          | 22 000             | 26 400  | 31 680                 | 38 016                 |
| Other water supply (at least min.service level)  |                |                |                |                      |                 |                    | –   | –                      | –                      |
| <i>Minimum Service Level and Above sub-total</i> | 57 708         | 59 519         | 60 114         | 64 782               | 64 782          | 64 782             | 77 738  | 93 286                 | 111 943                |
| Using public tap (< min.service level)           | 4 825          | 5 350          | 5 404          | 6 325                | 6 325           | 6 325              | 7 590   | 9 108                  | 10 930                 |
| Other water supply (< min.service level)         |                |                | –              | –                    | –               | –                  | –   | –                      | –                      |
| No water supply                                  | 52 513         | 50 580         | 51 086         | 43 939               | 43 939          | 43 939             | 52 727  | 63 272                 | 75 927                 |
| <i>Below Minimum Service Level sub-total</i>     | 57 338         | 55 930         | 56 489         | 50 264               | 50 264          | 50 264             | 60 317  | 72 380                 | 86 856                 |
| <b>Total number of households</b>                | <b>115 046</b> | <b>115 449</b> | <b>116 603</b> | <b>115 046</b>       | <b>115 046</b>  | <b>115 046</b>     | <b>138 055</b>                                      | <b>165 666</b>         | <b>198 799</b>         |
| <b><u>Sanitation/sewerage:</u></b>               |                |                |                |                      |                 |                    |   |                        |                        |
| Flush toilet (connected to sewerage)             | 16 811         | 16 820         | 16 988         | 16 980               | 16 980          | 16 980             | 20 376  | 24 451                 | 29 341                 |
| Flush toilet (with septic tank)                  | 4 185          | 4 190          | 4 232          | 4 250                | 4 250           | 4 250              | 5 100   | 6 120                  | 7 344                  |
| Chemical toilet                                  |                |                | –              | –                    | –               | –                  | –   | –                      | –                      |
| Pit toilet (ventilated)                          | 21 126         | 26 143         | 26 404         | 36 126               | 36 126          | 36 126             | 43 351  | 52 021                 | 62 426                 |
| Other toilet provisions (> min.service level)    |                |                | –              | –                    | –               | –                  | –   | –                      | –                      |
| <i>Minimum Service Level and Above sub-total</i> | 42 122         | 47 153         | 47 625         | 57 356               | 57 356          | 57 356             | 68 827  | 82 593                 | 99 111                 |
| Bucket toilet                                    |                |                | –              | –                    | –               | –                  | –   | –                      | –                      |
| Other toilet provisions (< min.service level)    | 72 799         | 67 820         | 68 498         | 57 950               | 57 950          | 57 950             | 69 540  | 83 448                 | 100 138                |
| No toilet provisions                             |                |                | –              | –                    | –               | –                  | –   | –                      | –                      |
| <i>Below Minimum Service Level sub-total</i>     | 72 799         | 67 820         | 68 498         | 57 950               | 57 950          | 57 950             | 69 540  | 83 448                 | 100 138                |
| <b>Total number of households</b>                | <b>114 921</b> | <b>114 973</b> | <b>116 123</b> | <b>115 306</b>       | <b>115 306</b>  | <b>115 306</b>     | <b>138 367</b>                                      | <b>166 041</b>         | <b>199 249</b>         |

6.3 The tariffs and charges as reflected below be approved for the financial year 2012/2013, with the indicative outer two years.

**Tariffs for 2012/13**

**Tariffs of Charges (All tariffs are inclusive of Vat) - 2012/2013**

**Effective date the 1<sup>st</sup> July 2012**

| TARIFF OF CHARGES 2012/13 |                              | Tariff (‘R)<br>2011/2012 | Tariff (‘R)<br>2012/2013 | Rand’s/<br>C Increase | %<br>Increase | Proposed<br>Increase<br><br>2013/2014 | Proposed<br>Increase<br><br>2014/2015 |
|---------------------------|------------------------------|--------------------------|--------------------------|-----------------------|---------------|---------------------------------------|---------------------------------------|
| <b>1</b>                  | <b>WATER</b>                 |                          |                          |                       |               |                                       |                                       |
| <b>1.1</b>                | <b>Mbonambi Municipality</b> |                          |                          |                       |               |                                       |                                       |
|                           | Water per kl                 |                          |                          |                       |               |                                       |                                       |
| <b>1.1.1</b>              | <b>Domestic</b>              |                          |                          |                       |               |                                       |                                       |
|                           | 0 - 6 kl                     | Free                     | Free                     |                       |               |                                       |                                       |
|                           | 7 - 30 kl                    | 6.79                     | 7.16                     | 0.37                  | 5.40%         | 5.60%                                 | 5.40%                                 |
|                           | above 30 kl                  | 8.46                     | 8.92                     | 0.46                  | 5.40%         | 5.60%                                 | 5.40%                                 |
|                           | Availability charge          | 38.74                    | 40.83                    | 2.09                  | 5.40%         | 5.60%                                 | 5.40%                                 |
| <b>1.1.2</b>              | <b>Commercial</b>            |                          |                          |                       |               |                                       |                                       |
|                           | 0 kl - 149kl                 | 12.25                    | 12.91                    | 0.66                  | 5.40%         | 5.60%                                 | 5.40%                                 |
|                           | ≥ 150kl                      | 15.93                    | 16.79                    | 0.86                  | 5.40%         | 5.60%                                 | 5.40%                                 |
| <b>1.2</b>                | <b>Nkandla Municipality</b>  |                          |                          |                       |               |                                       |                                       |
|                           | Water per kl                 |                          |                          |                       |               |                                       |                                       |
| <b>1.2.1</b>              | <b>Domestic</b>              |                          |                          |                       |               |                                       |                                       |
|                           | 0 - 6 kl                     | Free                     | Free                     |                       |               |                                       |                                       |
|                           | 7 - 30 kl                    | 6.79                     | 7.16                     | 0.37                  | 5.40%         | 5.60%                                 | 5.40%                                 |
|                           | above 30 kl                  | 8.46                     | 8.92                     | 0.46                  | 5.40%         | 5.60%                                 | 5.40%                                 |
|                           | Availability charge          | 38.74                    | 40.83                    | 2.09                  | 5.40%         | 5.60%                                 | 5.40%                                 |
| <b>1.2.2</b>              | <b>Commercial</b>            |                          |                          |                       |               |                                       |                                       |
|                           | 0 kl - 149kl                 | 12.25                    | 12.91                    | 0.66                  | 5.40%         | 5.60%                                 | 5.40%                                 |
|                           | ≥ 150kl                      | 15.93                    | 16.79                    | 0.86                  | 5.40%         | 5.60%                                 | 5.40%                                 |
|                           |                              |                          |                          |                       |               |                                       |                                       |

|              |                              |       |       |      |       |       |       |
|--------------|------------------------------|-------|-------|------|-------|-------|-------|
| <b>1.3</b>   | <b>Umlalazi Municipality</b> |       |       |      |       |       |       |
|              | <b>Eshowe Town</b>           |       |       |      |       |       |       |
|              | Water per kl                 |       |       |      |       |       |       |
| <b>1.3.1</b> | <b>Domestic</b>              |       |       |      |       |       |       |
|              | 0 - 6 kl                     | Free  | Free  |      |       |       |       |
|              | 7 - 30 kl                    | 6.79  | 7.16  | 0.37 | 5.40% | 5.60% | 5.40% |
|              | above 30 kl                  | 8.46  | 8.92  | 0.46 | 5.40% | 5.60% | 5.40% |
|              | Availability charge          | 38.74 | 40.83 | 2.09 | 5.40% | 5.60% | 5.40% |
|              | <b>Gingindlovu</b>           |       |       |      |       |       |       |
| <b>1.3.2</b> | <b>Domestic</b>              |       |       | -    |       | -     |       |
|              | 0 - 6 kl                     | Free  | Free  |      |       |       |       |
|              | 7 - 30 kl                    | 6.79  | 7.16  | 0.37 | 5.40% | 5.60% | 5.40% |
|              | above 30 kl                  | 8.46  | 8.92  | 0.46 | 5.40% | 5.60% | 5.40% |
|              | Availability charge          | 38.74 | 40.83 | 2.09 | 5.40% | 5.60% | 5.40% |
|              | Water per kl                 |       |       |      |       |       |       |
| <b>1.3.3</b> | <b>Domestic</b>              |       |       |      |       |       |       |
|              | 0 - 6 kl                     | Free  | Free  |      |       |       |       |
|              | 7 - 30 kl                    | 6.79  | 7.16  | 0.37 | 5.40% | 5.60% | 5.40% |
|              | above 30 kl                  | 8.46  | 8.92  | 0.46 | 5.40% | 5.60% | 5.40% |
|              | Availability charge          | 38.74 | 40.83 | 2.09 | 5.40% | 5.60% | 5.40% |
|              | <b>Eshowe</b>                |       |       |      |       |       |       |
| <b>1.3.4</b> | <b>Commercial</b>            |       |       |      |       |       |       |
|              | 0 kl - 149 kl                | 12.25 | 12.91 | 0.66 | 5.40% | 5.60% | 5.40% |
|              | ≥ 150kl                      | 15.93 | 16.79 | 0.86 | 5.40% | 5.60% | 5.40% |
|              | <b>Gingindlovu</b>           |       |       |      |       |       |       |
| <b>1.3.5</b> | <b>Commercial</b>            |       |       |      |       |       |       |
|              | 0 kl - 149kl                 | 12.25 | 12.91 | 0.66 | 5.40% | 5.60% | 5.40% |
|              | ≥ 150kl                      | 15.93 | 16.79 | 0.86 | 5.40% | 5.60% | 5.40% |
|              |                              |       |       |      |       |       |       |
|              | <b>Mtunzini</b>              |       |       |      |       |       |       |
| <b>1.3.6</b> | <b>Commercial</b>            |       |       |      |       |       |       |
|              | 0 kl - 149kl                 | 12.25 | 12.91 | 0.66 | 5.40% | 5.60% | 5.40% |
|              | ≥ 150kl                      | 15.93 | 16.79 | 0.86 | 5.40% | 5.60% | 5.40% |

|           |  |        |          |       |       |       |       |
|-----------|--|--------|----------|-------|-------|-------|-------|
| 1.4       | <b>Mthonjaneni Municipality</b>  |        |          |       |       |       |       |
|           | Water per kl   |        |          |       |       |       |       |
| 1.4.1     | <b>Domestic</b>  |        |          |       |       |       |       |
|           | 0 - 6 kl   | Free   | Free     |       |       |       |       |
|           | 7 - 30 kl  | 6.79   | 7.16     | 0.37  | 5.40% | 5.60% | 5.40% |
|           | above 30 kl  | 8.46   | 8.92     | 0.46  | 5.40% | 5.60% | 5.40% |
|           | Availability charge  | 38.74  | 40.83    | 2.09  | 5.40% | 5.60% | 5.40% |
| 1.4.2     | <b>Commercial</b>  |        |          |       |       |       |       |
|           | 0 kl - 149kl   | 12.25  | 12.91    | 0.66  | 5.40% | 5.60% | 5.40% |
|           | ≥ 150kl  | 15.93  | 16.79    | 0.86  | 5.40% | 5.60% | 5.40% |
|           |  |        |          |       |       |       |       |
|           |  |        |          |       |       |       |       |
| 1.5       | <b>Upper Nseleni</b>   |        |          |       |       |       |       |
| 1.5.1     | Water per kl   |        |          |       |       |       |       |
|           | 0 kl - 149kl   | 12.99  | 13.69    | 0.70  | 5.40% | 5.60% | 5.40% |
|           | ≥ 150kl  | 16.89  | 17.8     | 0.91  | 5.40% | 5.60% | 5.40% |
| 1.6       | <b>DOW/Schools/Clinics</b>   |        |          |       |       |       |       |
| 1.6.1     | Water per kl   |        |          |       |       |       |       |
|           | 0 kl - 149kl   | 12.99  | 13.69    | 0.70  | 5.40% | 5.60% | 5.40% |
|           | ≥ 150kl  | 16.89  | 17.8     | 0.91  | 5.40% | 5.60% | 5.40% |
| 1.7       | <b>Water other</b>   |        |          |       |       |       |       |
| 1.7.1     | Reconnection of water supply on clients request (closed on clients request)  | 231.21 | 243.70   | 12.49 | 5.40% | 5.60% | 5.40% |
| 1.7.2 (a) | Penalty fee for non compliance of warning notice   | 380.06 | 400.58   | 20.52 | 5.40% | 5.60% | 5.40% |
| (b)       | Rebate on penalty fee for indigent customers   | 50%    | 50%      |       |       |       |       |
| (c)       | Rebate on penalty fee for customers who make application and qualify for indigent status within 30 days of being levied the said fee | 50%    | 50%      |       |       |       |       |
| 1.7.3     | New Domestic single house standard connection  |        |          |       |       |       |       |
| A         | Full water pressure systems  | 957.00 | 1,008.68 | 51.68 | 5.40% | 5.60% | 5.40% |
| B         | RDP systems  | 418.00 | 440.00   | 22.00 | 5.30% | 5.60% | 5.40% |

|            |   |            |            |       |       |       |       |
|------------|---|------------|------------|-------|-------|-------|-------|
| 1.7.4      | New connection fees: other than those stated in 1.7.3a & 1.7.3b   | Cost +10%  | Cost + 10% |       |       |       |       |
| 1.7.5      | Special readings of meters  | 237.55     | 250.38     | 12.83 | 5.40% | 5.60% | 5.40% |
| 1.7.6      | Final reading admin fee upon disconnection  | 19.00      | 20.03      |       | 5.40% | 5.60% | 5.40% |
| 1.7.7      | Testing of meters - up to 25mm  | 506.75     | 534.11     | 27.36 | 5.40% | 5.60% | 5.40% |
| 1.7.8      | Testing of meters - larger than 25mm  | Cost +10%  | Cost +10%  |       |       |       |       |
| 1.7.9      | Tampering fee - first occurrence  | 1,531.35   | 1,614.04   | 82.69 | 5.40% | 5.60% | 5.40% |
| 1.7.10     | Undeveloped land- available services fee  | 69.89      | 73.66      | 3.77  | 5.40% | 5.60% | 5.40% |
| 1.7.11     | Bulk tariff treated water per kl - Municipalities only  | 4.85       | 5.11       | 0.26  | 5.40% | 5.60% | 5.40% |
| 1.7.12     | <b>Water supplied to non profit, non governmental organisations</b>   |            |            |       |       |       |       |
|            | 1 - 30 kl   | 6.79       | 7.16       | 0.37  | 5.40% | 5.60% | 5.40% |
|            | above 30 kl   | 8.46       | 8.92       | 0.46  | 5.40% | 5.60% | 5.40% |
| <b>1.8</b> | <b>Water un-metered - Rural Areas</b>   |            |            |       |       |       |       |
| 1.8.1      | Availability charge - Standpipe   | 25.00      | 26.00      | 1.00  | 4%    | 5.60% | 5.40% |
| 1.8.2      | Un-metered households connection  | 58.00      | 61.00      | 3.00  | 5%    | 5.60% | 5.40% |
| 1.8.3      | Water delivered by Tanker per 10 000 Litres to public institutions<br><br>- Incl Price of water & Transportation cost | Cost +10%  | Cost +10%  |       |       |       |       |
| 1.8.3.1    | Water delivered by Tanker per 10 000 Litres to private institutions   | Cost + 25% | Cost + 25% |       |       | 25%   | 25%   |
| <b>1.9</b> | <b>Indigency</b>  |            |            |       |       |       |       |
|            | 0 - 6 kl  | Free       | Free       |       |       |       |       |
|            | 7-10 kl   | Free       | Free       |       |       |       |       |
|            | 11 - 30 kl  | 6.78       | 7.15       | 0.37  | 5.40% | 5.60% | 5.40% |
|            | above 30 kl   | 8.46       | 8.92       | 0.46  | 5.40% | 5.60% | 5.40% |
|            | Availability charge   | 0          | 0          | 0     |       | 0     | 0     |

|          |   |             |             |         |      |       |       |
|----------|---|-------------|-------------|---------|------|-------|-------|
| <b>2</b> | <b>CEMETERY</b>   |             |             |         |      |       |       |
| 2.1      | Single interment of an adult (resident)   | 638.50      | 638.50      | N/A     | 0%   | 5.60% | 5.40% |
| 2.2      | Single interment of an child (resident)   | 638.50      | 638.50      | N/A     | 0%   | 5.60% | 5.40% |
| 2.3      | Permission to erect a tombstone (single or double)  | 82.00       | 82.00       | N/A     | 0%   | 5.60% | 5.40% |
| 2.4      | Permission for additional depth grave (including interment)   | 4,615.23    | 4,615.23    | N/A     | 0%   | 5.60% | 5.40% |
| 2.5      | Reservation of a grave (excl. interment)  | 688.19      | 688.19      | N/A     | 0%   | 5.60% | 5.40% |
| 2.6      | Exhumation of a body  | 1,374.78    | 1,374.78    | N/A     | 0%   | 5.60% | 5.40% |
| 2.7      | Interment outside normal working hours - resident   | 638.50      | 638.50      | N/A     | 0%   | 5.60% | 5.40% |
| 2.8      | Interment outside normal working hours - Saturday (non-resident)  | 3,729.71    | 3,729.71    | N/A     | 0%   | 5.60% | 5.40% |
| 2.9      | Interment outside normal working hours - Sundays & Public holiday (non resident)  | 4,910.38    | 4,910.38    | N/A     | 0%   | 5.60% | 5.40% |
| 2.10     | Wall of remembrance   | 588.73      | 588.73      | N/A     | 0%   | 5.60% | 5.40% |
| 2.11     | Reservation of niche excluding utilization - resident   | 314.42      | 314.42      | N/A     | 0%   | 5.60% | 5.40% |
| <b>3</b> | <b>SANITATION</b>   |             |             |         |      |       |       |
| 3.1      | <b>All Areas in District - Properties that can be / are physically connected to the water borne sewer system, whether connected or not</b>  |             |             |         |      |       |       |
| 3.2      | Domestic Rand valuation of combined land and improvements value as per the latest published municipal valuation roll (subject to minimum R42.16 and a maximum of R164.42 per month) | 0.00416 c/R | 0.00438 c/R | 0.00022 | 5.3% | 5.60% | 5.40% |

|          |   |             |             |           |       |       |       |
|----------|---|-------------|-------------|-----------|-------|-------|-------|
| 3.3      | Business Rand valuation of combined land and improvements value as per the latest published municipal valuation roll (subject to minimum R 109.62 and a maximum of R1,096.16 per month) | 0.00416 c/R | 0.00438 c/R | 0.00022   | 5.3%  | 5.60% | 5.40% |
| 3.4      | Registered Indigent-rand valuations of combined land and improvement value as per the latest published municipal valuation roll subject to a maximum of R21.00 p/m                      | 0.00416 c/R | 0.00438 c/R | 0.00022   | 5.3%  | 5.60% | 5.40% |
| 3.5      | Mtunzini -per load (honeysucker)  | 553.71      | 583.61      | 29.90     | 5.40% | 5.60% | 5.40% |
| 3.6      | Gingindlovu -per load (honeysucker)   | 553.71      | 583.61      | 29.90     | 5.40% | 5.60% | 5.40% |
| 3.7      | Sewer connection fee in all areas   | Cost +10%   | Cost +10%   | Cost +10% |       |       |       |
| 3.8      | Disposal of domestic effluent from;<br><br>• Delivered by private road tanker per kiloliter, measured as the nominal carrying capacity of the tanker.                                   | 15.16       | 16.42       | 1.26      | 5.40% | 5.60% | 5.40% |
|          | • Delivered by private road haulage in drums per drum of capacity not exceeding 150 liters ( per drum)  | 1.52        | 1.60        | 0.08      | 5.40% | 5.60% | 5.40% |
| <b>4</b> | <b>SOLID WASTE</b>  |             |             |           |       |       |       |
| 4.1      | Building rubble per ton   | 68.00       | 81.60       | 13.60     | 20%   | 20%   | 20%   |
| 4.2      | De-listed waste - per ton   | 974.70      | 1,462.05    | 487.35    | 50%   | 50%   | 50%   |
| 4.3      | Tyres -per ton  | 699.30      | 1,048.95    | 349.65    | 50%   | 50%   | 50%   |
| 4.4      | Green waste -per ton  | 68.00       | 81.60       | 13.60     | 20%   | 20%   | 20%   |
| 4.5      | Sewer Sludge -per ton   | 1,719.00    | 2,578.50    | 859.50    | 50%   | 50%   | 50%   |
| 4.6      | Miscellaneous -per ton  | Cost + 10%  | Cost +10%   |           |       |       |       |
| 4.7      | Miscellaneous weighing service - Per Service  | 88.00       | 105.60      | 17.60     | 20%   | 20%   | 20%   |



|          |   |            |            |        |       |       |       |
|----------|---|------------|------------|--------|-------|-------|-------|
| <b>5</b> | <b>DEPOSITS</b>   |            |            |        |       |       |       |
| 5.1      | Non refundable tender deposits  | 320.00     | 340.00     | 20.00  | 6.25% | 5.60% | 5.40% |
| 5.2      | Consumer deposits : New applications  |            |            |        |       |       |       |
| 5.2.1    | Domestic application  | 470.00     | 490.00     | 20.00  | 4.20% | 5.60% | 5.40% |
| 5.2.2    | Commercial application  | 1,210.00   | 1,275.00   | 65     | 5.40% | 5.60% | 5.40% |
| 5.2.3    | Registered Indigent customers   | Exempt     | Exempt     | Exempt |       |       |       |
| 5.2.4    | Customers supplied by "RDP" systems   | Exempt     | Exempt     | Exempt |       |       |       |
| 5.2.5    | Government Institutions   | Exempt     | Exempt     | Exempt |       |       |       |
| 5.2.6    | Municipal Institutions  | Exempt     | Exempt     | Exempt |       |       |       |
| 6.1      | Sale of Marketing/corporate gifts and other   | Cost + 10% | Cost + 10% |        |       |       |       |
| 6.2      | Clearance Certificate admin fee   | 68.00      | 72.00      | 4.00   | 5.90% | 5.60% | 5.40% |
| 6.3      | Fee for cheques returned R/D  | 60.00      | 64.00      | 4.00   | 6.60% | 5.60% | 5.40% |
| 6.4      | Interest Charges  | 8%         | 8%         | 0%     | 0%    |       |       |
| 7.1      | For copies of any bylaws, per page  | 1.90       | 2.00       | 0.10   | 5.40% | 5.60% | 5.40% |
| 7.2      | Extract of bylaws, per page or part thereof   | 1.90       | 2.00       | 0.10   | 5.40% | 5.60% | 5.40% |
| 8.1      | <b>Fee for reproduction, relating to the promotion of the Access to information Act</b> |            |            |        |       |       |       |
| 8.1.1    | Every photocopy of an A3 size page or part thereof                                      | 1.00       | 1.05       | 0.05   | 5.00% | 5.60% | 5.40% |
| 8.1.2    | Every photocopy of an A4 size page or part thereof                                      | 0.75       | 0.80       | 0.05   | 6.60% | 5.60% | 5.40% |
| 8.1.3    | For a copy on Stiffy Disc   | n/a        | n/a        | n/a    |       |       |       |
| 8.1.4    | For a copy on Compact Disc  | 67.00      | 70.00      | 3.00   | 4.50% | 5.60% | 5.40% |
| 8.2      | <b>For a transcription of visual images:</b>  |            |            |        |       |       |       |
| 8.2.1    | For an A4 size page or part thereof   | 38.03      | 40.08      | 2.05   | 5.40% | 5.60% | 5.40% |
| 8.2.2    | For a copy of visual images   | 99.84      | 105.23     | 5.39   | 5.40% | 5.60% | 5.40% |
| 8.3      | <b>For a transcription of an audio record:</b>  |            |            |        |       |       |       |
| 8.3.1    | For an A4 size page or part thereof   | 20.59      | 21.7       | 1.11   | 5.40% | 5.60% | 5.40% |

| TARIFF OF CHARGES 2012/13 |  | Tariff (‘R) | Tariff (‘R) | Rand’s/    | % Increase | Proposed Increase | Proposed Increase |
|---------------------------|--|-------------|-------------|------------|------------|-------------------|-------------------|
|                           |  | 2011/2012   | 2012/2013   | C Increase |            |                   |                   |
|                           |  |             |             |            |            | 2013/2014         | 2014/2015         |
| 8.3.2                     | For a copy of an audio record  | 28.53       | 30.07       | 1.54       | 5.40%      | 5.60%             | 5.40%             |
| 8.3.3                     | To search for the record for disclosure                              | 25.36       | 26.73       | 1.37       | 5.40%      | 5.60%             | 5.40%             |
| 8.4                       | FACSIMILE  |             |             |            |            |                   |                   |
| 8.4.1                     | Outgoing facsimile – per folio                                       | 6.81        | 7.18        | 0.37       | 5.40%      | 5.60%             | 5.40%             |
| 8.4.2                     | Incoming facsimile – per folio                                       | 6.81        | 7.18        | 0.37       | 5.40%      | 5.60%             | 5.40%             |
| 9.                        | MAP PRODUCTION COSTS   |             |             |            |            |                   |                   |
|                           | SHEET SIZE   |             |             |            |            |                   |                   |
| 9.1.1                     | A0   | 630.00      | 664.00      | 34.00      | 5.40%      | 5.60%             | 5.40%             |
| 9.1.2                     | A1   | 520.00      | 548.00      | 28.00      | 5.40%      | 5.60%             | 5.40%             |
| 9.1.3                     | A2   | 458.00      | 483.00      | 25.00      | 5.50%      | 5.60%             | 5.40%             |
| 9.1.4                     | A3   | 416.00      | 439.00      | 23.00      | 5.50%      | 5.60%             | 5.40%             |
| 9.1.5                     | A4   | 390.00      | 411.00      | 21.00      | 5.40%      | 5.60%             | 5.40%             |
|                           | LAMINATING COSTS   |             |             |            |            |                   |                   |
|                           | SHEET SIZE   |             |             |            |            |                   |                   |
| 9.2.1                     | A0   | 395.00      | N/A         |            |            | 5.60%             | 5.40%             |
| 9.2.2                     | A1   | 225.00      | N/A         |            |            | 5.60%             | 5.40%             |
| 9.2.3                     | A2   | 140.00      | N/A         |            |            | 5.60%             | 5.40%             |
| 9.2.4                     | A3   | 21.00       | N/A         |            |            | 5.60%             | 5.40%             |
| 9.2.5                     | A4   | 4.00        | N/A         |            |            | 5.60%             | 5.40%             |
| 10.1                      | BUILDING PLANS   |             |             |            |            |                   |                   |
|                           | Building plans and scrutiny and supervision charges as per Townships |             |             |            |            |                   |                   |

**NEW TARIFFS EFFECTIVE 2012/2013**

**11. ATMOSPHERIC EMISSION LICENSE FEE**

| Criteria                         | Scores | Weight      | Final Score |
|----------------------------------|--------|-------------|-------------|
| Scale of Emissions               | 50     | 20%         | 10          |
| Complexity of Application        | 100    | 20%         | 20          |
| Nature of Applicant: SMME Status | 100    | 5%          | 5           |
| Type of Application              | 100    | 10%         | 10          |
| Risk                             | 75     | 20%         | 15          |
| Geographical Location            | 100    | 5%          | 5           |
| Specialist expertise             | 100    | 20%         | 20          |
| <b>SCORE</b>                     |        | <b>100%</b> | <b>85</b>   |

| APPLICATION BANDS | APPLICABLE FEE (R's) | APPLICANT BAND |
|-------------------|----------------------|----------------|
| BAND 1            | R 4,000.00           |                |
| BAND 2            | R 16,000.00          |                |
| BAND 3            | R 50,000.00          |                |
| BAND 4            | R 100,000.00         |                |
| BAND 5            | R 200,000.00         | <b>BAND 5</b>  |

| APPLICATION BANDS | BAND SIZE |            | APPLICANT BAND | FEE SCHEDULE |
|-------------------|-----------|------------|----------------|--------------|
| BAND 1            | <b>0</b>  | <b>19</b>  |                | R 4,000.00   |
| BAND 2            | <b>20</b> | <b>39</b>  |                | R 16,000.00  |
| BAND 3            | <b>40</b> | <b>59</b>  |                | R 50,000.00  |
| BAND 4            | <b>60</b> | <b>79</b>  |                | R 100,000.00 |
| BAND 5            | <b>80</b> | <b>100</b> | <b>BAND 5</b>  | R 200,000.00 |

**12. ERECTION OF CELL PHONE TOWERS**

Charge per tower with supporting infrastructure erected on property owned by the Municipality exclusive of any services eg. Water and electricity.

**R  
3,500.00  
p/month**